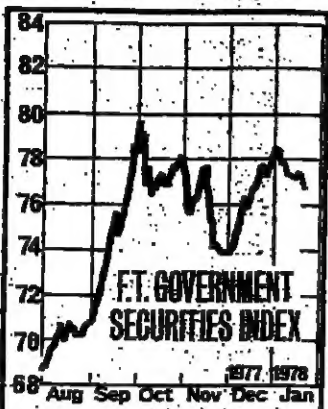


NEWS SUMMARY

EC **U.K.** **Long gilts** **fall 1½** **Wall St.** **up 7**

● **GILTS** were affected by market nervousness ahead of tomorrow's money supply figures. Longs were down by as much as 1½ points and the Government Securities index closed 0.74 down at 76.74.



● **EQUITY** interest remained low, apart from more speculative shares, following new bid announcements. The FT ordinary index closed 1.1 down at 470.3.

● **STERLING** lost 45 points against the dollar to \$2.24, its trade-weighted index falling to 63.8 (65.9). The dollar's depreciation narrowed to 4.56 per cent. (4.79).

● **GOLD** fell \$2 to \$177.

● **WALL STREET** was up at 779.62.

● **EEC** member governments have approved a proposal for the GATT multilateral trade negotiations, but have not named a figure for industrial tariff cuts. Back Page

● **OIL PLATFORM** contracts worth well over £500m are expected to be placed by the U.K. offshore industry this year. Page 6

● **ELECTRICAL** contract workers have been urged by their union to take industrial action if necessary to force implementation of a pay deal vetoed by the Department of Employment. Page 11

● **YORKSHIRE** pit stop

● **EIGHT MINERS** at a Yorkshire colliery halted production after a protest strike at the amount of incentive payment they will receive, less than 24 hours after Yorkshire miners had voted in favour of productivity schemes. Back Page

● **BANK OF SPAIN** has had to mount a rescue operation for Banco de Navarra, one of Spain's smaller banks. Page 20

● **DISCOUNT CONTROLS** on bread will not be reimposed, Prices Secretary has told bakers, unions and employers. Page 9

● **ALLIED BREWERIES** beer division chairman, Dr. Bernard McKenny, has left the group after a Boardroom dispute. Back Page

● **COMET RADIOVISION** has made a £12.5m takeover bid for Henry Wigfall, TV and electrical appliance retailers. Page 19 and Lex

● **MATSUSHITA ELECTRIC**, the world's largest electrical appliance manufacturer, has announced record sales for the year to November 30 and an 18 per cent jump in net profit to ¥48.5bn. Page 21

PRICE CHANGES YESTERDAY

(in pence, unless otherwise indicated)

RISERS		FALLS	
and Gibbon	252 + 7	Treasury 1981	£1004 - 8
(U.K.) SpC	244 + 6	Excheq. 1986	£115 - 14
dera Hilda	181 + 5	APV	213 - 9
ard	38 + 7	Bass Charrington	145 - 4
Conf	108 + 9	Berkley Hamro	119 - 4
ports Brewery	79 + 9	Booker McConnell	236 - 7
ner A	165 + 7	Burton A	114 - 4
Payroll	85 + 10	Comet Radiovision	103 - 9
ly Theatre	418 + 25	Deca	470 - 12
	180 + 8	Glaxo	577 - 8
	38 + 3	Hanson Trust	140 - 7
omwich Spring	27 + 12	ICL	260 - 5
ugh Tea	145 + 32	Kesley Inds.	109 - 6
n Plants	192 + 5	Metals Box	294 - 6
Lyell	20 + 5	Taylor Woodrow	392 - 6
Wallend	408 + 15	Thomson Org.	613 - 10
		Unilever	512 - 8
		United Scientific	276 - 8
		South Croft	65 - 5

Commons challenge as BSC puts pay ultimatum

Villiers ordered by MPs' committee to give documents

BY PHILIP RAWSTORNE

The Commons Select Committee on Nationalised Industries last night wielded its ultimate sanction against Sir Charles Villiers, chairman of the British Steel Corporation, to force him to disclose financial details of the industry's operations in the past two years.

Asserting its authority, the committee instructed the Commons Serjeant-at-Arms, Colonel Peter Thorne, to serve Sir Charles with an order requiring the provision of the information. The order, which will be handed to Sir Charles personally today, also calls on him to appear before the committee to give further evidence.

The financial documents must be handed over to the committee by January 23 at the latest. In a statement last night Mr. Russell Kerr, Labour MP for Feltham and chairman of the committee, said that Mr. Eric Varley, Secretary for Industry, would also be recalled for further questioning.

Mr. Varley, who earlier this week offered to appear again before the inquiry into the crisis in the steel industry, last night attacked the committee's decision to invoke its rarely used powers of compulsion.

In a caustic aside at a meeting of the Labour back-bench industry group, he remarked that "the Serjeant-at-Arms will be all over the television to-night with his sword and gaiters." Mr. Varley angrily accused Labour

members of the committee of "playing the Tory game." If Sir Charles were to refuse to comply with the committee's order, he could be called before the bar of the Commons to explain his refusal.

Mr. Kerr said: "Our advice is that a refusal would be a clear contempt of Parliament." Such a breach of Parliamentary privilege is still punishable by detention in the Commons clock tower, though this power has not been exercised since the war. The most severe penalty inflicted in recent years has been a formal reprimand by the Speaker.

At an earlier hearing of the committee, Mr. Villiers refused to reveal details of plans for reshaping the corporation—short of being sent to the Tower.

The financial details which the committee is demanding are believed to include estimates of BSC losses which the committee

claims were withheld from its inquiry last year. The committee has put a motion before the Commons asking for the papers to be provided but the Government has so far refused to allow a debate on the issue.

The committee's new move, agreed unanimously by the 15 members, now bypasses the Government's obstruction. Breaking May, the Parliamentary rule book, says that a committee's authority allows it to summon witnesses. "by order signed by the chairman to attend the committee and to bring with them all such documents as they are informed will be required for the use of the committee."

It adds: "If any witness fails to appear when summoned in this manner his conduct is reported to the House which usually orders the offender to attend at its Bar."

Mr. Kerr said: "The committee is anxious to resolve this issue and to produce an authentic report on the situation in the steel industry. This seemed to be the only way to us to do it."

Continued on Back Page

U.S. rejects Somalia plea for arms

BY JAMES BUXTON

THE U.S. yesterday again rejected Somalia's plea for military assistance. Amid mounting concern about the build-up of Soviet troops in the State Department said: "We will not contribute to a conflict by pouring gasoline on it."

The U.S. would stick to its position of not supplying arms while fighting between Somalia and Ethiopia persisted. The State Department added that it had no independent evidence to back the Somali contention that Ethiopia was about to invade its territory, supported by Cuban troops.

Earlier, Somalia claimed that an Ethiopian invasion was "imminent." In Rome, the Eritrean Popular Liberation Front claimed yesterday that two Soviet destroyers were bombarding its positions near the Red Sea port of Massawa, and that Russian-made MIG aircraft were carrying out attacks in Eritrea where guerrillas are fighting

Somalia's claim. He added that Somalia wanted to see a holy alliance formed to combat the unholy alliance of the Soviet Union, Cuba and Ethiopia.

Somalia's appeal to the West for arms was made by President Siad Barre—who called the diplomatic representatives of the U.S., U.K., France, West Germany and Italy to a meeting in Mogadishu on Monday.

Earlier, the Somali Minister of Information claimed that Sr. Raul Castro, the Cuban Minister of Defence, and his Soviet counterpart, Marshal Dimitri Ustinov, as well as the commander of the Soviet air force, were in Addis Ababa co-ordinating the impending Ethiopian offensive.

Russia last night denied Somalia's claims. In London, the Foreign Office made clear that Britain would continue its policy of not supplying Somalia with arms while it is

Continued on Back Page

Fisons price rises restricted

BY ELMOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE Price Commission yesterday recommended its first restriction on prices. It ruled that Fisons should trim 5 per cent of the total value of the price increases it had originally proposed.

The company, which in the year to December 1976 had total sales of more than £246m, submitted proposals in September to raise prices of a wide range of agrochemical and horticultural products by a total of £1.92m. The proposed increases ranged from 14 per cent to 43.7 per cent.

After studying the increases against the test of flexible criteria embodied in the new price controls, the commission concluded yesterday that the ceiling on horticultural price

of the original notification, under the provisions which protect companies against profit erosion. The commission is free to implement all but 5 per cent of the increase originally proposed. This means that it will probably raise the prices of several products in the next few weeks.

The commission found nothing wrong with the pricing structure of the agrochemical division but objected to the way Fisons was loading its horticultural price rises on the home gardening market in which it already has a third of total sales and which the commission judged to be less price sensitive than the professional market.

News Analysis, Page 6
Lex, Back Page

Fukuda warns against world trade war

BY CHARLES SMITH, FAR EAST EDITOR TOKYO, Jan. 17.

THE WORLD could be faced with the economic and political equivalent of a third world war if the slide into protectionist trading by major nations was not halted, Mr. Takao Fukuda, Japan's Prime Minister, said today.

Mr. Fukuda, speaking three days after the conclusion of high-level trade talks between Japan and the U.S., said that the present state of international economic relations reminded him of the early 1930s, when Western nations successively introduced protectionist policies and "every-one walked down the road to the second world war."

He told an international audience here he was not suggesting that a resort to protectionist policies would produce exactly the same result in the 1970s that it produced in the 1930s—the advent of nuclear weapons made it unthinkable that any major power would actually declare war. However, a continuation of

in the world economy would lead to chaos in the social and political arenas too. "We must stop a repetition of this tragedy at any cost."

Mr. Fukuda warned that continued instability of the U.S. dollar would cause havoc in international trade relations. He claimed however, that the U.S. had committed itself to "wipe out" dollar instability in return for Japan's commitment to reduce its balance of payments surplus.

The general understanding reached on these lines was far more important than agreement on the liberalization of agricultural imports into Japan, which had nevertheless been "played up" by the Press, Mr. Fukuda said.

If Japan and the U.S. had failed to co-ordinate their views on world trade, and currency problems the impact on the rest of the world would have been "extremely negative." As it was, other countries stood to gain from the outcome of the talks between the two nations.

Mr. Fukuda's remarks on domestic economic policy were echoed in another speech by Mr. Toshio Komoto, Minister of International Trade and Industry. He said that the Government would be awarding 70 per cent of public works contracts scheduled for the 1978 fiscal year during the first half of the year, to give the maximum boost to the economy.

He said 1978 would be another "year of the economy" in which Japan would concentrate all its efforts on achieving an ambitious growth target of 7 per cent, with the emphasis entirely on domestic and not export-oriented growth.

Not much was to be hoped for

in New York

January 17

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EUROPEAN NEWS

Chirac condemns Majority's election plans

BY DAVID CURRY
PARIS, Jan. 17.

APPARENTLY UNMOVED by President Giscard d'Estaing's reassurance that there was no plot to undermine the Gaullists during the general election campaign, M. Jacques Chirac, the Gaullist leader, has launched his most biting condemnation yet on the intentions of his coalition allies.

Speaking hours after the President appealed for unity in response to the question "Who in your heart, do you really want to win," the Left comes out only one point ahead of the Majority with 43 per cent of preferences.

The other main finding of the poll is that in the second round run-off, the Communists and Socialists will have difficulty in aggregating their vote even if they agree on a joint candidate to challenge the remaining Government candidate behind whom the Majority votes will be swung.

The poll, by giving the Communists 21 per cent of the vote, leaves them short of the figure M. Georges Marchais, the Communist leader, has said will be necessary before they will agree to joint second round candidates with the Socialists.

The Socialist vote of 28 per cent is also well short of expectations of 35 per cent upwards. The Gaullist score is identical to that of the Communists and a couple of points behind the combined centrist parties.

M. Chirac's onslaught came in a speech at Vierzon. He attacked the decision of the Republicans, Centrists and Radicals to put up single joint candidates in 363 constituencies against the Gaullists as a coalition aimed "exclusively and directly against the Gaullists."

M. Chirac said: "When the enemy approaches, the weak are tempted to help him towards victory in the hope—always vain—of a reconciliation or at least reducing his hostility."

"Certain people in the Majority are ready to let themselves be fooled by M. Mitterrand

Concern grows in Bonn over Poullain

BY ADRIAN DICKS
BONN, Jan. 17.

THE DEEPENING political row in Düsseldorf over what has become known as the Poullain affair is now causing serious concern at high levels in Bonn.

The standing and financial health of the Westdeutsche Landesbank Girozentrale (West LB), from which Herr Ludwig Poullain abruptly resigned as chairman just before Christmas, are not at issue.

What concerns members of the Bonn coalition of Social Democrats (SPD) and Free Democrats (FDP) is that the handling of the case by the North Rhine-Westphalia State authorities, which share control of West LB with the local savings bank organisations, has been so inept as to risk serious damage politically when the voters in the state go to the polls next year.

Top figures in both the coalition parties are now involving themselves directly with the situation in Düsseldorf. It was learnt here today that the North Rhine-Westphalia Government is also a coalition of the SPD and FDP.

The latest twist in the saga came from the state FDP's deputies today, when they voted for the resignation of Herr Friedrich Halstenberg, the SPD state Finance Minister who has been primarily responsible for the Düsseldorf Government's policy towards Herr Poullain.

While this is now openly a matter for concern in Bonn, it is also being suggested in political circles here that the North Rhine-Westphalia SPD may need to look urgently for a successor to the state Premier, Herr Heinz Kuehn, whose own behaviour in the Poullain affair has brought heavy criticism against him.

Two more members of the Christian Democratic Party parliamentary group in Bonn were refused entry into East Berlin today by East German border officials, who said they were "undesired at this time," writes Leslie Collett.

One member of the allied Christian Social Union was told by an East German border officer that the series of barriers was a result of the "illegal meeting" of the Bundestag group in West Berlin.

Jenkins presses for monetary union

BY RUPERT CORNWELL
LUXEMBOURG, Jan. 17.

MONETARY UNION offers not only weak currency countries, but strong currency ones as well, their best if not only chance of achieving the elusive economic goal of strong growth coupled with low inflation.

This was the main argument advanced here today by Mr. Roy Jenkins, the European Commission president, as he stepped up the campaign to convince the Nine of his case for a fresh and early attempt to plan for economic and monetary union.

His speech to the European Parliament, just a month after the surprisingly kindly reception given to the new initiative by the Council of Ministers, set out the pressing economic as well as political reasons for speedy action.

The initial reaction of MPs today was favourable, though tinged with scepticism and—in the case of some Socialists—doubts that the scheme was the right way of tackling the immediate problem of unemployment.

Significantly, Mr. Jenkins was strongly supported in a separate statement by M. Francois-Xavier Ortoli, the Commission vice-president, who several months ago was not concealing his doubts about the timeliness of reviving the monetary union issue.

Mr. Jenkins argued that traditional postwar remedies of pumping extra purchasing power into the economy to cut unemployment, and ment no longer worked. In the present state of the Community individual Finance Ministers felt themselves in a trap.

"If those from weaker countries could survive an exchange rate crisis and those from stronger ones knew that demand would continue to be strong elsewhere in the EEC, then each would feel better able to do what he knew was right in the longer term."

As matters stood, member countries with suspect currencies did not dare expand demand or increase their budget deficits for fear of provoking a sharp drop in the exchange rate, increasing the danger of higher inflation, coupled with damage to business confidence. But Governments with strong economies, and heavily dependent on exports, would hesitate before taking stimulatory measures, on the grounds that the effect on internal employment might be scant, while that on prices would be rapid and harmful.

Commission officials are hoping at best for the first concrete steps along the lines of the Jenkins plan within a year or so. In his speech to the Parliament he referred plainly to the transfer of power from member governments to Brussels that monetary union implied.

Although he dismissed as "misconceived" the notion that the programme involved the creation of a federal Europe, Mr. Jenkins said that "what we are proposing would be a radical institutional change, with a central Community body exercising overall control of exchange rate and money supply policies."

Ecevit wins vote of confidence

BY DAVID TONGE
ANKARA, Jan. 17.

THREE years of vicious right-wing coalitions and governmental uncertainty in Turkey came to an end this afternoon when the 12-day old government of Mr. Bulent Ecevit won the necessary vote of confidence in the Turkish Parliament. The voting was 229 to 218.

The Government had the support of Mr. Ecevit's own Republican People's Party (232 votes), the Republican Alliance Party (two votes), the Democrat Party (one vote) and of 13 independents. All but two of these independents were Deputies who had resigned from the Justice Party of the last Prime Minister, Mr. Suleyman Demirel.

The gravity of the problems the country faces is such that the Government is continuing to play its cards close to its chest. In foreign policy it has shown its determination to cut the knot linking the Cyprus issue with the refusal by the U.S. to ratify the four-year Defence Co-operation Agreement signed in March 1976. Mr. Ecevit has insisted on the need for Turkish initiatives over Cyprus and is to discuss these at a meeting to-morrow which is to be attended by the Turkish Cypriot leader, Mr. Rauf Denktaş.

On Friday, Mr. Cyrus Vance, the U.S. Secretary of State, is due here for talks.

In domestic matters the Ecevit Government—reflecting its blending of the "democratic left" programme of Mr. Ecevit with the more conservative approach of his coalition partners—has avoided commitment to pre-election promises, such as that to abolish the Mussolini-style legislation banning the Communist Party of Turkey.

Its determination "to prevent the abuse of lockout" has been attacked by employers but the bulk of its programme and its accession to power has been welcomed by the business community. The main exception is the foreign oil companies, some of whom fear a more radical approach by the present Government.

Foreign bankers in particular are looking forward to more efficient management of the economy. For the first time in months they are discussing whether they might provide Turkey with credit in the absence of an agreement with the International Monetary Fund (IMF) but given guarantees of "sensible management."

EEC poll may be in mid-1979

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT
BRUSSELS, Jan. 17.

THE FIRST direct elections to the European Parliament are unlikely to be held until May or June next year, Dr. David Owen, the British Foreign Secretary, indicated after discussions with other EEC foreign ministers here today.

He said that it had now been agreed that EEC heads of Government would fix a precise date at their European Council meeting in Copenhagen early next April. Their decision would be based on recommendations to be drawn up in consultation between the Nine beforehand.

Dr. Owen forecast that the direct elections legislation in the U.K. would be on the statute book before the current Parliamentary session ends next July. About 18 weeks would then be needed for the boundaries commission to draw up the 81 new Euro-constituencies.

Though Dr. Owen did not apparently make a specific reference to a May-June 1979 date in discussion with his colleagues, he did tell them for the first time that Britain would definitely not be ready to take part in direct elections this year.

So far, only Denmark and Ireland have approved all the necessary measures, and in Belgium, Germany and the U.K. progress has been slowed by political controversy.

The French and Luxembourg ministers appeared surprised to learn at today's meeting that the existing European Parliament was going ahead with plans to lease a new building in Brussels with a view to sitting the future directly-elected assembly there.

The current parliament, which sits alternately in Strasbourg and Luxembourg, has already been told by foreign ministers that they reserve the right to decide on a future site, but appears to have ignored this warning.

The site question is highly sensitive because neither of the current host countries is ready to surrender its claim. France opened a new building in Strasbourg a year ago and Luxembourg announced several months ago that it had commissioned architectural plans for a new structure, which are now at an advanced stage.

The way was opened today for a resumption of the Common Market's stalled trade negotiations with Cyprus, when EEC Foreign Ministers agreed to offer the island a more generous deal for its agricultural exports.

The Ministers also approved a mandate for the Commission to negotiate a new economic and trade agreement with Yugoslavia. It will be considerably broader in scope than the existing agreement, which expires at the end of August.

Patronat growth warning

BY ROBERT MAUTHNER
PARIS, Jan. 17.

THE PATRONAT, the French Employers' Federation, warned today that France could not afford a reduced rate of growth for much longer if it wanted to avoid serious economic and social tensions.

M. Francois Ceyrac, president of the Patronat, said, after the annual meeting of the federation, that France would face a very difficult economic situation in the coming years. Its great Unless steps were taken to modify what he described as "the content" of the country's economic expansion, GNP could not grow by more than about 3.5 per cent a year, assuming a 3 per cent increase in annual energy consumption, whereas a minimum growth rate of 5.5 per cent was required to absorb a rise of the working population of some 300,000 annually.

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Uranium enrichment plan

BY CHARLES BATCHELOR
AMSTERDAM, Jan. 17.

HOLLAND has agreed to go ahead with the expansion of its uranium enrichment factory at Capenhurst, Cheshire, can now be increased to 2,000 tonnes a year.

After talks with the Brazilian Foreign Minister, Holland is satisfied that Brazil is ready to store any plutonium it may produce from uranium provided by Urenco, according to Inter-Atomic Energy national Authority (IAEA) statutes. If these statutes are not in effect by the time the deliveries are made, Brazil is ready to store the plutonium on an ad hoc basis.

Work can now start on expanding the Dutch factory at Almelo near the West German border. The Economics Minister Gijs van Aardenne and Foreign Minister Christoph van der Knaauw said in a joint letter to Parliament.

Leone sees party leaders

BY DOMINICK J. COYLE
ROME, Jan. 17.


AS PRESIDENT Giovanni Leone tonight opened formal consultations with elder statesmen and party leaders before naming a new Prime Minister-designate, Communist Party leaders were meeting regional secretaries throughout the country.

The Communist Central committee is due to meet on Thursday next week, and it is unlikely that the party will agree to the new governing formula for Italy until after the meeting.

Sig. Enrico Berlinguer, the Communist general-secretary, will head the Communist Party delegation when, with other party groups, it meets separately with President Leone tomorrow, and the expectation here still remains that Sig. Andreotti will be given a mandate on Thursday to try and form a new administration.

Only in the event of Sig. Andreotti falling in this task, which will involve reaching some accommodation with the Communists short of admitting them directly into a new government, is the president likely to call on another senior Christian Democrat.

This announcement appears as a matter of record only, December 1977.



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Le calendrier des travaux. Il est conçu pour que, dès maintenant, vous puissiez vous décider sur les aménagements intérieurs que vous souhaitez - dans le cas où vous en souhaiteriez d'autres que ceux prévus par l'architecte et le décorateur.

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EUROPEAN NEWS

Soares bid to form government as deadline approaches

BY DIANA SMITH

LISBON, Jan. 17.

Security conference resumes amid deep gloom

by Paul Lendvai

VIENNA, Jan. 17.

A 39-nation follow-up conference on security and co-operation in Europe resumed today in Vienna after a three-week hiatus. The conference, which began in an atmosphere of deepening pessimism, is expected to produce a document by the end of the week. The projected date for the meeting is still uncertain.

The first chief delegate, Mr. Vorontsov, today presented a draft of the concluding document which he described as "constructive" and "future oriented". The draft, only a few pages long, contains mainly generalities about the need to achieve progress in détente.

The only novelty in the Soviet text was the announcement that the USSR now also supports the idea that the next follow-up meeting should be held in Madrid in 1980.

The first Western speaker at today's plenary meeting, Ambassador Per Fischer of West Germany, sharply criticised the measures taken by the German regime involving closure of the Der Spiegel office in East Berlin and the arrest of the editor, Heinrich Albertz.

Belgian devolution plan

BY DAVID BUCHAN

BRUSSELS, Jan. 17.

BELGIUM'S ruling coalition led by Prime Minister Leo Tindemans, early today reached an agreement on a wide-ranging devolution programme aimed at turning the country into a federal State by the mid-1980s.

The talks inside the coalition have continued on and off ever since it was formed last June, and the devolution plan will now be presented to the current session of Parliament.

Opposition from inside the coalition, which accounts for well over two-thirds of the 212 seats in the Lower House, had come from the Volksunie party which had objected to concessions made to the French-speaking majority in the south.

Meanwhile, the threat of a strike in Belgium's petrol refining sector called for today was avoided when the unions, which were demanding a reduction in the working week, decided yesterday to settle for a promise that the 40-hour week would be reduced to 38 hours in 1979.

Van Agt reveals profits scheme

Holland's new centre-right government plans to give the individual employee a greater say in the spending of "excess profits" at the expense of the unions.

The share of "excess profits" going to the individual worker will be raised while the share going into a largely union-administered fund will be cut, Mr. Andries van Agt, the Prime Minister, said. He did not say how much would go to each but under earlier plans 70 per cent would go to the collective fund and 30 per cent to the individual.

Greeks reject pay rise

Greek labour unions have turned down a 15 per cent increase in minimum wages in 1978 offered by the Federation of Greek Industries, our Athens correspondent reports. The counter-offer was made to a 25 per cent rise demanded by labour unions and which would raise minimum daily wages for unskilled workers in Greece to 370 drachmas (£5.69) from the present 295 drachmas (£4.53).

Spanish tax move

All bank accounts and safe deposits in Spain yesterday became liable for official inspection as part of a government crackdown on tax evasion, Reuters reports. In the first stage of a promised tax reform, the Government also announced details of new wealth and surtaxes and revised income-tax rates.

Swiss VAT scheme

The Swiss Federal Council and the country's four coalition parties have agreed on the desirability of introducing a value-added tax at a rate of 8 per cent as a means of countering the federal deficit, John Wicks writes from Zurich.

Banker pulls out

The former Dutch Finance Minister Dr. Wim Duisenberg has withdrawn his candidature for the post of managing director of the International Monetary Fund (IMF), Charles Batchelor writes from Amsterdam. Dr. Duisenberg's decision leaves the way open for the only other candidate, M. Jacques de Larosiere, director of the French Treasury. Present managing director, Dr. Johannes Witteveen, who is also a Dutchman, is stepping down to make more time for his family.

THE MIDDLE EAST

Saudis offer U.S. 'oil for Palestine state'

BY IHSAN HIJAZI

SAUDI ARABIA was reported today to have offered to provide the U.S. with all the oil it needs on condition it finds a just solution for the Palestinian problem.

According to the Middle East Reporter, an English-language newspaper, the offer was made by King Khalid and Crown Prince Fahd to President Carter when he visited Riyadh at the beginning of this month.

The Saudis also offered to "buy the West Bank and the Gaza Strip from the Israelis if need be for the Palestinians

to set up their independent state, the publication quoted informed travellers from Riyadh as saying.

President Carter visited the oil-rich kingdom as part of his eight-nation tour. A sharp disagreement developed between him and the Saudi leaders over U.S. support to the plan by Prime Minister Menachem Begin of Israel's plan for self-rule in the West Bank and the Gaza Strip, in the informants' said.

"Saudi leaders resented Carter's attempts to persuade them to express their open

support for President Sadat's peace initiative," the travellers said, and added that King Khalid was opposed to Sadat's outright, but Crown Prince Fahd took a moderate stand, warning against pushing the Egyptian President into concluding a bilateral agreement with the Israelis.

Despite the disagreement, Saudi officials, according to the informants, told President Carter that Saudi Arabia is prepared to raise its oil production "to any level that is feasible" provided a just solution is found for the

BEIRUT, Jan. 17.

Palestinian problem.

The Saudis were reported to have insisted on total Israeli withdrawal from Arab territory occupied in 1967 and the establishment of a Palestinian homeland.

Saudi leaders were quoted as telling Mr. Carter that they were prepared to "pay as much as it is required to establish a homeland for the Palestinians, even if this means means buying the West Bank and the Gaza Strip from the Israelis."

Other Middle East and Overseas news, Page 4

PRESIDENT HOUARI BOUMEDIENNE

A central role in Arab diplomacy

BY OUR FOREIGN STAFF

PRESIDENT HOUARI BOUMEDIENNE of Algeria has re-emerged as a central actor in the convoluted Arab diplomatic game in the wake of President Anwar Sadat's initiative for peace in the Middle East.

Mr. Boumedienne in December travelled to Tripoli to lend weight to the Arab "rejectionists," and has since been touring a number of Arab States, primarily Syria and Iraq, in an attempt to mediate in their long-standing feud and to consolidate Arab opposition to the current talks between Egypt and Israel.

The last time Mr. Boumedienne was prominent in the Arab-Israeli conflict was in the aftermath of the 1973 war, when in November of that year he chaired an important Arab summit meeting in Algiers, took part in the Arab oil boycott and was considered a sufficiently important Arab leader to be consulted a number of times by Dr. Henry Kissinger, the then U.S. Secretary of State, in the course of his shuttle diplomacy. Subsequently, Mr. Boumedienne has played a subdued role until his emergence as a mediator on the "rejectionist front" following Mr. Sadat's initiative. But Algerian policy has not changed. As a leader of a regime glorifying in its own revolutionary past and a successful liberation war behind him, Mr. Boumedienne expresses unconditional and sincere support for the Palestinian resistance. During the period since 1975 when the PLO has been split over the question of a compromise settlement with Israel, he has received numerous Palestinian leaders in Algiers but has not committed himself to support one faction or another.

With the PLO now more or less reunited by its opposition

to Mr. Sadat's initiative, Mr. Boumedienne, predictably, has lined up with the guerrillas and has gone out of his way to attempt to weld the rejectionists into a solid unit. Partly for geographical reasons, and partly because Algeria had no open rift with either Egypt (as Libya did) or with Iraq and Syria, Mr. Boumedienne has been best placed to mediate between Damascus and Baghdad. Algeria's revolutionary credentials, and a genuine fear that the PLO might be abandoned apart, Mr. Boumedienne has tried to remind the Arab world and the superpowers that his country is a force to be reckoned with in the vital politics of the region at a vital time in Arab history.

But this radicalism is liable to be modified at any time by his pragmatic approach to developments. This stems from a firm commitment to non-interference in the affairs of other nations. As regards the PLO, this means that Algeria will give that movement the support in whatever policy it decides to adopt. At present this puts it on the side of those hostile to Mr. Sadat's initiative. But if at a later stage, the main body of the PLO were to improve its relations with Egypt or even participate in negotiations with Israel, Algeria would probably accept the situation.

Mr. Boumedienne has also made himself into a radical leader in the Arab, African and Third worlds as a whole. The broadening of Algeria's foreign policy outside the Arab world dates from the non-aligned conference held in Algiers in September, 1973. Thereafter, Algeria emerged to become—in the persons of Mr. Boumedienne and Mr. Abdel-Aziz Bouteflika, his more flamboyant Foreign Minister—a major actor in the



President Boumedienne

tion, Mr. Boumedienne himself has never been tarred with the same brush. Since an attempted coup against him in December, 1967, political challenges to his regime have been few and mostly from outside the country.

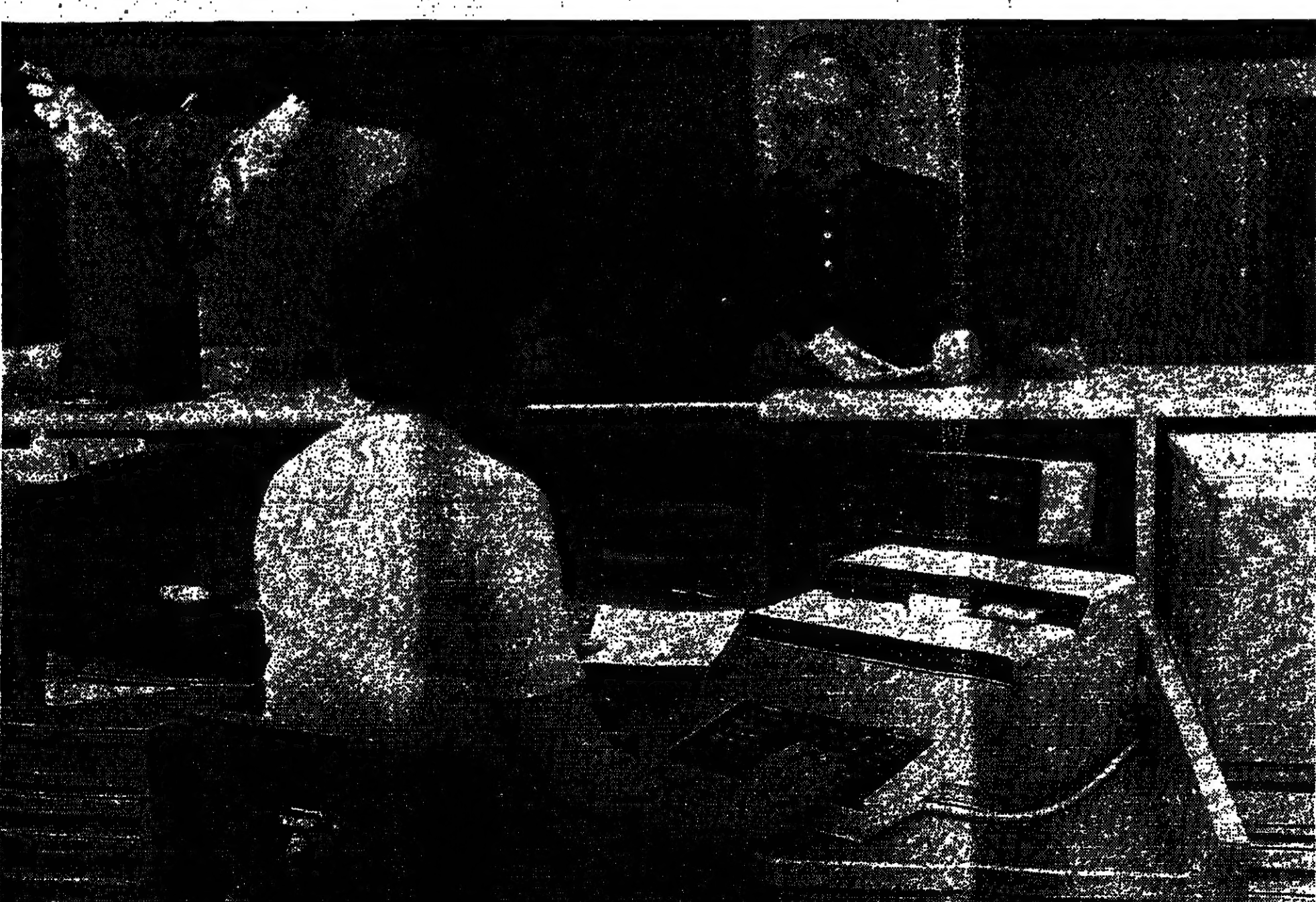
Born in 1927, he was educated at the Islamic Institute in Constantine, in eastern Algeria, and then at al Azhar Islamic University in Cairo. In the later stages of his country's war of independence he commanded the National Liberation Army, and after holding the post of Defence Minister in Ben Bella's government after independence, he led the military coup which brought him to power in June 1965.

He enjoys wide personal popularity but keeps a stern grip through his security police on the running of the country. (Ben Bella, the first President, is still under tight house arrest.) By 1977, he felt secure enough to allow an unprecedented free debate throughout the country on the "National Charter," in the course of which there was frequent open criticism of many aspects of government. In a recent challenge to the stability of his regime, Mr. Boumedienne responded to a series of strikes last summer by intervening personally to talk to striking Algiers transport workers about their grievances. He subsequently announced far-reaching changes in the wages structure.

But even though Mr. Boumedienne has made progress in "legalising" his regime through a presidential referendum and election to parliamentary and party bodies, Algeria remains a country in which the shadowy figures at the top of government and the police hold sway.

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From Europe's biggest name in electronics - the world's leading financial terminal system



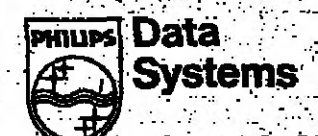
Europe's largest electronics company - Philips - is now the world's leading manufacturer of financial terminal systems: PTS 6000 terminal equipment has been ordered for some 20,000 teller positions since 1971. The reasons for this achievement can be summarised in two words: size and service.

Philips' size means that massive investment is available for research and development in all areas of electronics progress: with worldwide sales of over £7,000 million, and an R & D budget exceeding £300 million, Philips can offer a degree of technological sophistication which few other concerns can rival. Thus Philips is a world leader in micro components: a major name in computers, with nearly 70,000 separate installations; and also Europe's premier supplier in telecommunications - the key to the distributed data processing systems of the future.

Philips' size also accounts for the company's attitude to service: all aspects of Philips' activity are uniquely customer-orientated, and its standards of customer service are acknowledged as being second to none. Nowhere is Philips' concern for service more obvious than in Britain: a nationwide customer support network, looking after £40 million-worth of equipment and 2,700 users, is recognised as setting standards for the entire industry.

Launched only recently in the UK, the PTS 6000 system has achieved notable success since January 1977, with twenty orders to date from banks and local authorities all over the country, while special versions of PTS equipment have been manufactured to UK customers' specific requirements. The PTS 6000 is rapidly proving itself to be the preferred system for counter terminals in the UK, as it is elsewhere in the world. For further details you are invited to talk to Philips about your data processing requirements - ring the Special Accounts Manager, Bruce Anderson, at Philips Data Systems, 0206 5115. You'll find that Philips' people talk your language.

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PHILIPS

OVERSEAS NEWS

THE BORDER WAR IN SOUTH EAST ASIA

Hanoi 'seeks to end Pol Pot rule'

BY RICHARD NATIONS

AFTER more than a week consolidating its positions inside Cambodia, Hanoi appears poised to further its gains either on the military or political fronts, if not both. This is the view of a growing number of diplomats and observers here sifting through Radio Hanoi broadcasts and, admittedly, scarce, battlefield intelligence.

Some believe the Vietnamese may soon take strong military steps after Cambodia's Khmer Rouge forces apparently scored some isolated successes behind the Vietnamese lines in the vital Parrot's Peak area.

The Vietnamese appear to be holding down the main highways into the Cambodian interior with conventional forces, but are vulnerable to guerrilla actions by Khmer Rouge troops who have regrouped in some areas and enjoy relatively free movement throughout a countryside colonised since 1975 with military settlements.

It is unlikely, however, that the Vietnamese—masters of the "people's war"—should happily repeat mistakes made by the

Americans in 1970 when President Nixon attempted to seal a porous border with tanks and artillery against a peasant army that travels on foot.

If the picture of Vietnam's involvement inside Cambodia is accurate, the Vietnamese, according to some diplomats, may not be so much attempting to seal a border that meanders over open country, but to secure areas well inside Cambodia as staging bases for subsequent infiltration and subversion. Two such areas have been identified according to some reports: one south of Neak long in the Parrot's Peak area and the other near the Phnom Penh town of Cholon.

"Hanoi is not after a border settlement," said one Western diplomat in Bangkok. "This means removing the Pol Pot regime and replacing it with a puppet government responsive to Hanoi's line." This Western diplomat's view is shared by a number of observers here who suspect that there is some truth in Phnom Penh's basic accusation: "The fundamental cause of

the current conflict) is to force Cambodia to become a member of (Vietnam's) Indochinese Federation."

From the outset Hanoi has



affirmed its commitment to "the sacred testament of President Ho Chi Minh" to defend the special relationship between Vietnam and Cambodia.

BANGKOK, Jan. 17.

of Vietnam and Kampuchea (Cambodia)."

Hanoi has recently begun to underscore in broadcasts that "no reactionary force can break this special relationship." Observers here interpret this as indicating that no border settlement is possible as long as reactionaries are in power there.

If it is true that Khmer Rouge forces have begun guerrilla operations, observers here expect Hanoi to counter them by stepping up the political offensive inside the country. "We simply don't know whether any pro-Hanoi forces have survived last spring's purge inside the Cambodian Communist Party," or what forces among the Cambodian army have fled to Vietnam can be brought into play by Hanoi. Another Western diplomat here commented: "But you can expect Hanoi to make use of whatever anti-Pol Pot forces are available—and this could make the decisive difference compared with Nixon's 1970 Cambodian debacle."

Marcos calls interim elections

MANILA, Jan. 17.

PRESIDENT Ferdinand Marcos to-day kept a five-month-old promise and said national elections will be held in the Philippines on April 2—the first in more than five years of martial law.

The elections will be for an Interim National Assembly of 120 members, but the President will retain his power to issue overriding decrees.

Announcing the election date, he said: "I ask everybody to take part in this political exercise."

I am against the curtailment of anyone from standing in the elections. Everyone should be permitted to file his certificate as candidate." The

measure is seen here as a first cautious step back to political normalcy.

Mr. Marcos will retain his title as President, but will also take the unusual step of becoming Prime Minister of the Philippines.

The National Assembly is being labelled as an interim legislature until Mr. Marcos can end martial law when further elections will be held without the constraints of emergency rules. However, observers do not see any chance of this arising in the near future.

One prominent opposition leader, ex-President Diosdado Macapagal, has already said he will not take part in the elec-

tions which he called "farfetched" as long as martial law remained.

Other opposition leaders, however, are adopting a wait-and-see attitude and are reported laying down terms under which they might be prepared to take part.

Mr. Marcos has told visiting U.S. congressmen and others that he wants ultimately to remove martial law, but he has said he will not do so while the fighting continues between government forces and Muslim rebels in the southern Philippines, and while communist guerrillas are active in the country.

Low turn-out at reopening of Soweto schools

Primary schools in Soweto have reopened for the new school term, but most reported a poor turn-out of pupils. Attendance varied between 10 per cent and 75 per cent, Bernard Simon reported from Johannesburg yesterday.

Mr. T. W. Kamble, a well-known Soweto educationist, said he was "very disappointed" by the poor turn-out and attributed it to parents' attitudes. He said that many parents are still protesting against the Bantu education system.

Primary schools were relatively unaffected by last year's boycott of classes. Secondary schools, where the boycott was most effective, reopened at the beginning of February.

Mandela trial

Black students and teachers packed a little courtroom to overflowing here yesterday when the trial of black militant, Mrs. Winnie Mandela, resumed.

Reported from Bloemfontein, Mrs. Mandela, 43, wife of imprisoned nationalist leader Mr. Nelson Mandela, pleaded not guilty to five charges of breaking a 1960 law against attitudes among pupils against the Bantu education system.

Conducted by the Conference Board, the business research organisation, the survey covered more than 400 chief executive officers of major companies. Asked to state their preference between a cut in the rate of corporate tax, an increase in investment incentives or partial relief from double taxation of dividends, about 50 per cent of the executives opted for corporate tax cuts, which was either the first or second choice of 76 per cent of those surveyed.

The President's final proposals for Congress are due to be sent to Congress on Saturday and, according to widely-publicised reports, there has been some argument within the Administration on whether to link a cut in the corporate tax rate of 48 per cent with an increase in investment incentives. Congressmen who met Mr. Carter to-day said he confirmed that he will propose tax cuts worth \$25bn, and a further reduction of \$10bn, through reforms.

Many business people would prefer both but, according to the survey, senior executives believe that reducing corporate tax would be the simplest and most direct way to improve profitability and stimulate investment. Increased capital spending is becoming one of the White House's major objectives, following projections that economic growth will start to tail off towards the end of next year.

Particularly under President Luis Echeverria, who left office here 14 months ago, Mexican foreign policy was expected to begin shortly. It is known that the only off-shore areas on the Brazilian continental shelf will be involved.

The third round of bidding for the risk contracts—with foreign oil companies is expected to begin shortly. It is known that the only off-shore areas on the Brazilian continental shelf will be involved.

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AMERICAN NEWS

DISPUTE OVER PHILADELPHIA PROSECUTOR

Party pressure on a promise

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

DAVID MARSTON is the U.S. Attorney from Philadelphia. There are 94 such offices in this country, performing as the Federal Government's chief prosecutors in the regions they represent. They are political appointees and when Administration change in Washington from one party to the other the ranks of U.S. Attorneys are generally substantially altered.

Mr. Marston is a Republican, a former aide to Senator Richard Schweiker, from Pennsylvania, named to a vacant position in the closing weeks of the last Republican Government. Normally his replacement by a Democrat might be expected to cause a little local fuss—as when President Kennedy removed Elliot Richardson from the Boston job in 1961—but nothing serious.

The Marston case threatens to be somewhat different. It loomed large in President Carter's most recent Press conference last week. It has prompted charges that President Carter has abandoned a campaign pledge to appoint attorneys strictly on the basis of merit. Not politics. It has caused Mr. Griffin Bell, the Attorney-General to dispatch a team of Justice Department lawyers to find out exactly what is going on in Philadelphia. And, perhaps inevitably in this post-Watergate age, it has spurred charges that the highest officers in the land, even the President himself, are engaging in a cover-up to protect one or more of their own.

The facts in the Marston affair are generally murky, though some salient features are clear enough. One is that Mr. Marston has proved to be a vigorous prosecutor. He has successfully prosecuted two of Philadelphia's most powerful Democrats on corruption charges; he is investigating aggressively the question of police brutality in the city, on

which failure to make headway helped induce the resignation of his predecessor; and he is said to be getting under the skin of Mayor Frank Rizzo, who is both a Democrat and by any standards one of the nation's less esteemed civic leaders.

Most critically, he is looking

into alleged improprieties in the fees and contracts awarded in connection with a construction of new hospitals in the city. This probe, it is widely reported, has focused on the roles played by two Pennsylvania Democrats, Congressman Daniel Flood and Joshua Eilberg, President Carter freely acknowledged at his Press conference last week that Mr. Eilberg had telephoned him and requested that the replacement process be expedited. Earlier in the week, Attorney-General Bell had admitted that he was looking for a successor to Mr. Marston.

Mr. William Safire, the New York Times columnist, who devotes many of his articles to trying to prove that the Carter Administration is as corrupt as that of Richard Nixon, of which Mr. Eilberg is a member, has gone so far as to claim that the President has committed obstruction of justice by taking the matter up with the Attorney-General at the specific behest of a congressional ally under criminal investigation. Others have publicly doubted whether both Mr. Carter and Mr. Bell only came to know of the case as recently as they claimed.

Predictably, others more nakedly seeking political capital have jumped on the bandwagon. Senator Schweiker has stated that he will block a patronage replacement for Mr. Marston, even though it is reasonable to assume that Mr. Marston got his job in the first place as a result of Mr. Schweiker's patronage towards a former aide. Senator John Heinz, the other Pennsylvania Republican Senator, the

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Westinghouse denies bribing over big nuclear contract

BY JOHN WYLES

WESTINGHOUSE ELECTRIC to-day indignantly denied allegations that it had made illegal payments to secure a nuclear power plant contract in the Philippines and that the contract itself is overpriced.

The New York Times reported from Manila last Saturday that Westinghouse's contract may be in jeopardy because of payments the company made to a friend and relation by marriage of President Ferdinand Marcos.

The Philippine government has launched an investigation into commission paid to Mr. Hermilio T. Disini and announced yesterday that it was taking over three corporations controlled by Mr. Disini.

One of Mr. Disini's companies, Asia Industries, has the Westinghouse distributorship in the Philippines. Without naming Mr. Disini, the company acknowledged that it had made payments to two sales representatives who had been involved in landing the contract but it claimed that the payments were "reasonable and proper and are within corporate guidelines that were established to assure conformance with existing U.S. and foreign laws."

The company's statement issued in the name of Mr. Gordon C. Harbert, president of Westinghouse's power systems company, added that the use of foreign sales representatives was common practice by American cor-

porations. Westinghouse is trying to make it clear that the New York Times story was inaccurate in suggesting that the company's contract to build the 600 megawatt plant in worth \$1.1bn, the total cost to the Philippine government of the project but Westinghouse stressed that its contract was worth "approximately \$330m."

Included in the contract is the cost of supplying the nuclear reactor system, turbine, generator and auxiliary equipment and in addition "we are

responsible for design engineering, and project and construction management."

Other factors which take the total cost of the project to the Philippines up to \$1.1bn are loan financing charges, provision for escalation, only a portion of which applies to the Westinghouse contract, and "customer responsibility for the procurement, conversion and enrichment of uranium, land preparation, administrative costs, training programmes, independent consulting services and transmission systems."

India note step 'political'

BY K. K. SHARMA

NEW DELHI, Jan. 17.

A STRONG hint that last night's demonetisation of high currency notes by the Indian government has political motivations came to-day from Mr. H. M. Patel, the Finance Minister.

He said that to the extent political parties had undeclared funds they would be affected by the demonetisation. A similar statement was made by Mr. C. Subramanian, who was Finance Minister in Mrs. Indira Gandhi's Cabinet.

He said in Madras that political parties would be affected by the decision, which came as a surprise as the total currency affected is less than

two per cent of the total in circulation. The suggestion is that funds collected during Mrs. Indira Gandhi's emergency rule, about which allegations have frequently been made but never been proved, is suspected to be hoarded in notes of high denomination and now cannot be used because notes of the value of 1,000 rupees and above are no longer legal tender.

The Finance Minister said that basically the move was aimed at illegal transactions of those financed by "black money" (that which is not declared to evade income and wealth taxes).

He said in Madras that political parties would be affected by the decision, which came as a surprise as the total currency affected is less than

UN refugee agency lacks cash

GENEVA, Jan. 17.

THE NEW U.N. High Commissioner for refugees (UNHCR) said to-day there was a "serious financial gap" in this year's budget with expenditure estimated at \$35m. against contributions so far of only \$12.5m.

Mr. Paul Hartling, a former Danish Prime Minister who took up his post here eight days ago, also announced that he would fly to southern Africa next week on a visit to several frontlines

States bordering Rhodesia and South Africa.

The UNHCR executive committee of Government representatives would meet here in special session next Friday to consider the financial situation.

Some countries had done nothing to help refugees, he declared. In response to questions, he added that communist States "have not done so much" in the past but he thought they were "more alert, more understand-

ing now" to the problem.

On his visit to Southern Africa, Mr. Hartling said he would meet Government leaders in Tanzania, Zambia, Botswana, Lesotho and Swaziland.

The High Commissioner, appointed to succeed Prince Aga Khan, said he hoped that when his five-year term ended all refugees now in UNHCR care would have been found permanent homes.

He said he was looking at the possibility of linking the aid to a basket of strong currencies.

No rand change

The South African Government does not envisage a revaluation of the rand at the present moment, the French financial news agency, Agence Economique, said yesterday. AP-DJ reported from Paris. The paper said South African Minister for Economic Affairs, Mr. J. G. Hendriks had said that since the end of 1976 the Rand had depreciated against the U.S. dollar by 10 per cent, but that this situation is not unfavourable to South Africa at the present time.

Mr. Hendriks remarked, however, that the South African authorities were watching the situation closely and are looking at the possibility of linking the aid to a basket of strong currencies.

There was no further reaction from the Government to-night to the railways union decision.

Workers at Mary Kathleen, in north western Queensland, Australia's only producing uranium mine, have voted overwhelmingly in support of further development of the industry.

The refusal of major unions to put the question to membership ballots, whether for practical or other reasons, is a growing embarrassment to the ACTU but no great surprise from the beginning. The scheme reflected the difficulty of forging a united front in the unions on uranium policy and the inability of the ACTU to enforce a collective view, even if one could be determined.

The net effect points increasingly to the prospect of the ACTU bowing out of the argument completely and individual unions pursuing their own policies, mostly against development.

WORLD TRADE NEWS

European group bids \$2bn for Canadian air order

BY LYNTON McLAIN, INDUSTRIAL STAFF

GLO-GERMAN-Italian consortium has submitted a bid to win a \$2bn. aircraft order from Canada since 1972. The bid order from Canada was submitted yesterday. The plans, replace its ageing fighter aircraft by 1980.

Last September, the Canadian Government issued a massive questionnaire, in the form of a "request for proposals" to six aircraft makers. Panavia, on behalf of British Aerospace, Messerschmitt-Bölkow-Blom of West Germany and Aeritalia of Italy has now analysed "highly competitive" proposals to win the order.

These are based on a three-part strategy covering the military requirements, commercial factors and the industrial needs of Canada, said Mr. Jeffrey Quill, the marketing director of Panavia.

Canada wants a plane to replace the CF101 Voodoo in the air defence of the country. The replacement must also meet Canadian needs in Europe for a strike plane, now the CF104 Starfighter and the CF5.

Four U.S. aircraft companies are competing for the order. Grumman is offering its F14, McDonnell Douglas its F15 Eagle, General Dynamics its F16 which has already been ordered by Holland, Belgium, Denmark, and Norway, and Northrop its F18L. France is submitting a version of its Mirage. Grumman set the standard for offset contracts last autumn by announcing a proposal to offset 80 per cent of the costs.

India insists on buy-back

BY K. K. SHARMA

NEW DELHI, Jan. 17.

INDIAN Government's decision to buy the Jaguar fighter in Britain will depend on the manufacturers willingness to establish plants here to build a substantial portion of the aircraft components and to supply a large part of the output in these plants.

The Government will insist on buy-back stipulation to ensure that India obtains the quality and latest technology. This is considered to be important than obtaining rights to manufacture fighters in India.

Plans from the manufacturer of the three fighters from which the Indian Government

will make its final choice—the British-French Jaguar, the French Mirage and the Swedish Viggen—are expected here this month for discussions. Only after the "buy back" and licensing arrangements are accepted will negotiations on price and other terms be taken up. The final agreement will be worth many millions of pounds while even the initial orders will be for about 40 aircraft.

Mr. James Callaghan, Britain's Prime Minister made a strong plea for the Jaguar during his recent talks here. He pointed out that orders for the aircraft would help to reduce the trade surplus that India has with Britain.

Saudi commission agents hit

By Anthony McDermott

JEDDAH, Jan. 17.

THE SAUDI Government has issued a decree to tighten the conditions of operations between foreign contractors and local agents. An unofficial text of the decision, taken by the Council of Ministers last Sunday evening, was published in the Jeddah daily, Al-Medina, today.

The 13-part decree is a follow-up to measures taken last year to prevent companies submitting inflated tender bids. While the aim then was to penalise foreign contractors, this latest decree is clearly aimed at local Saudi Agents, whose often enormous commissions were some of the many reasons for companies quoting inflated prices.

Thus clause eight stipulates that fees paid to a local agent who must be a Saudi should not exceed 5 per cent of the contract. The new rules apply to all contracts between foreign companies and the Saudi Government, but agents are not to be employed in arms deals or government-to-government contracts. Foreign contractors may employ more than one local agent but Saudis may not work for more than ten foreign contractors.

A Saudi agent is not to be permitted to act as both a partner to a foreign company and as a consultant on the same contract. Disputes are to be settled in court with the foreigner running the risk of his operations here being ended and the Saudi losing his agents licence.

Obstacles to Brazil's plan to cut steel bill

BY SUE BRANFORD

SAO PAULO, Jan. 17.

THE BRAZILIAN Government is planning to halve its steel import bill this year to just under \$200m., according to the Council for Steel and Non-Ferrous Metals ("Consider"). This will be mainly achieved through a large increase in exports while imports should fall slightly. However, with present conditions on the world steel market, the official plans may encounter serious obstacles.

"Consider" expects exports to leap from \$77m. in 1977 to \$122m. tonnes last year, which is 23 per cent up on 1976. It is hoped that imports will fall from \$485m. to \$165m. If these

targets are reached, Brazil will actually import a smaller volume of steel than it exports for the first time for 11 years. For "Consider" is putting exports at 1.3m. tonnes and imports at 1.1m. tonnes. The continuing deficit in terms of value is explained by the much lower value per tonne of Brazil's exports, which mainly consist of ordinary, non-flat rolled steel.

Brazil is now the world's eighth largest steel manufacturer, with a total output of 11.2m. tonnes last year, which was 23 per cent up on 1976. Because of a slow-down in industrial growth, Brazil's extremely

ambitious expansion targets, drawn up in 1976 under the third stage of the National Steel Plan, have been drastically scaled down. At that time, it was planned for Brazil to increase fourfold its steel output to 40m. tonnes by 1985. Even then, this target was thought by many observers to be highly unrealistic. At the end of last year, after a savage budget cut, the 1980 target was brought down from 20m. to 13.8m. tonnes.

Brazil has also postponed its plans for a rapid increase in domestic production of coking coal for the steel mills.

Taiwan textiles protest

Financial Times Reporter

THE BRITISH Importers Confederation has protested strongly to the EEC Commission about the commission's reported intention to impose "severe restrictions" on imports of textile goods from Taiwan in the next five years.

In a letter to Mr. W. Haferkamp, commission vice-president, Mr. Tom Harrison, BIC chairman, says that it also appears that the restrictions, "in respect of certain classes of merchandise," are much greater than those negotiated with other developing countries.

"On behalf of BIC," Mr. Harrison adds, "I wish to register the strongest possible protest at this discrimination against the one textile exporting state that was not in a position to negotiate with the commission. Taiwan," he said, "was one of the most important trading nations in the Far East."

"By adopting its present protectionist attitude the EEC is undermining this relationship and depriving the European consumer of the right to purchase the wide range of reasonably priced, good-quality products that are available from Taiwan."

Mr. Harrison concludes: "It is to be hoped that you will arrange for the quota levels for Taiwan, as compared with other exporting states, to be re-examined and for the existing anomalies to be removed."

Major U.K. stockist backs EEC

BY PETER CARTWRIGHT

STEEL stockholders are rallying round the European Economic Community plan to limit cheap imports from subsidised producers to protect domestic industries like British Steel Corporation from collapse, even though stockholders are not directly affected.

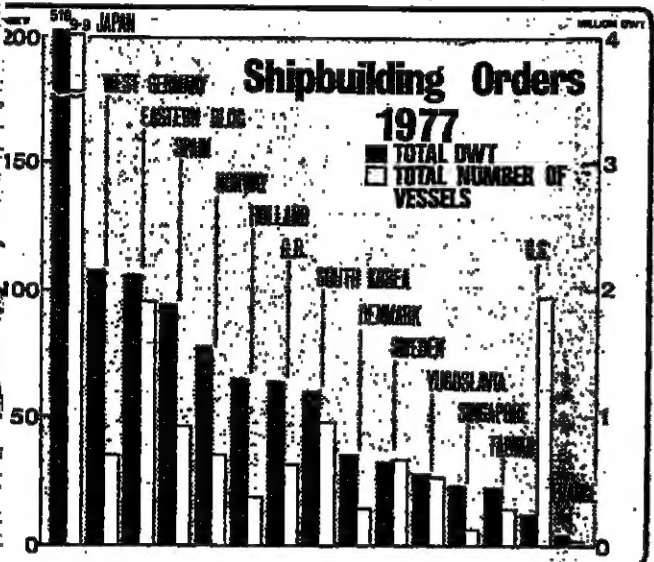
One of the biggest stockists of bright steel bar, widely used in investment and export industries like machine tools and engineering, has pledged more confidence of price stability during 1978 within the

context of 10 per cent inflation. Main items under attack by the Community are flat rolled products. The U.K. recently banned imports of Russian hot rolled coil which had seriously undermined British Steel's operations in South Wales.

The plan makes it an offence punishable by heavy fines for not observing guideline prices putting them above cut-throat competition.

Mr. Ted Tunnadine, chief executive of Glywed Distribution, which claims 15 per cent of the stockists' market for bright drawn bar, said yesterday that if the company went in for importing it would immediately trigger off a major import problem. It had no intention of doing that even though British steel prices were higher than those of other European producers.

Compared with four price rises last year, there was now more confidence of price stability during 1978 within the



Japan's market share of shipbuilding slips

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

JAPAN'S SHARE of world shipbuilding orders, however, are boosted by rebuilding orders last year, which totalled 1.5m. dwt, according to a report from Fairplay's International Records and Statistics.

This compares with a market share of 56 per cent recorded in Lloyd's register returns for 1976, although these figures were based on a gross rather than dwt basis. Japan's share of the world's 1977 figures are not comparable with its previous assessments because of the greater comprehensiveness of the data, but they show that the Japanese took orders for 510,000 dwt in 1977. The report is claimed to be the most complete for cargo vessels over 10 dwt.

In tonnage terms, this gives the Japanese a 47 per cent share of the world's orders and by vessel numbers, a 38 per cent share. It is a succession of declines for the Japanese industry that has led to price undercutting by other Far Eastern builders. Heavy Government subsidies of shipbuilding in the West, where shipyards have found going increasingly tough.

In the United Kingdom, which ranked with the fifth largest share of orders in the Lloyd's figures, last year took orders for 84 ships at 624,000 dwt, giving fifth place in terms of tonnage behind Japan. Tonnage led in the U.S. with 2m. dwt, in 1m. dwt, USSR 971,000, South Korea 963,000 dwt, West Germany 717,000 dwt, and from Sweden 662,000 dwt. The U.S.

WE'RE USING LESS ENERGY TO GET MORE OF OUR MARKET.

Before Carrier Transicold entered the truck and trailer refrigeration market, one company had nearly all the business.

But for the last six years, we've been giving truckers one cost-saving innovation after another; and they've been giving us more and more of their business.

In the face of rising fuel prices, we offered them an exclusive system that uses up to 30% less fuel to keep a shipment cool. It automatically cuts out the compressor cylinders that aren't needed to hold the proper temperature. That takes a load off the engine that drives the compressor, so it can run more economically.

Another problem facing truckers was expensive downtime for recalibrating the thermostats in their refrigeration units after every trip or two. So Carrier Transicold had another part of Carrier Corporation, Spectrol Electronics, design solid-state refrigeration controls that never have to come in for recalibration.

The truck and trailer refrigeration market isn't the only area where Carrier Transicold is putting energy-saving ideas to work. For many years, Carrier Transicold has been going to sea with con-



tainer refrigeration equipment, supplying the worldwide needs of shippers. Today, we are the number one maker of container refrigeration equipment.

The way Carrier Transicold moved in and became a power in the transport refrigeration market is an indication of how and why Carrier Corporation is growing. We deal with energy ideas the world can use. Ideas that are at work in oil, gas and petrochemical production; waste handling; refrigeration for nuclear power and industry; electronics; and, of course, the widest range of high-efficiency heating and cooling equipment for residential, com-

mercial and industrial uses. Sixteen separate divisions, operating in 131 countries, serving hundreds of markets.

We've built a strong, growing business by helping to expand the world's supply of energy and helping people to use it more efficiently. So when truckers are looking for lower fuel bills, or the Malaysian Parliament is in the market for air conditioning, we're there with just what they need.



CARRIER CORPORATION. ENERGY IDEAS AT WORK.

Outbacks in Norway urged

BY PAY GJETER

OSLO, Jan. 16.

NOYAL Commission appointed to study over-capacity problems in Norway's shipbuilding industry has recommended a 30 per cent reduction of about 30,000 jobs. It believes the total number of jobs in the industry should be cut as rapidly as possible, and the present level of 100,000 to 14,000. A minority of the Commission recommended a more drastic reduction to 8,000.

The Commission, which includes representatives of the industry, unions and employers, has no mandate to recommend where the cuts Norway.

Rail spending to expand

BY OUR TRANSPORT CORRESPONDENT

THE WORLD'S railways are freight wagons, 1,850 passenger trains to spend more than \$8.5bn. on improvements and motives.

Major line construction is being carried out in Portugal, Argentina, India, Malawi, within the industry. International Railway Journeymen's Union is spending \$1.2bn. on the latest annual expenditure. Brazil takes information from 80 networks.

The largest single item of expenditure for many combined budget of \$1.8m., and ways are actual track extension South Africa with \$1.2m. In 1978, although the report also the budgets provide for the purchase of over 16,000 budgeted to spend \$569,000.

HOME NEWS

£500m. oil platform contracts likely for British constructors

BY RAY DAFTER, ENERGY CORRESPONDENT

A SPATE of new oil platform contracts, worth well over £500m., is expected to be placed by the U.K. offshore industry this year.

The orders, involving the construction of 12 new platforms, will give a much-needed boost to the fabricators of steel structures. A new report on the platform market shows that few, if any, of the orders will go to companies which have been set up to build concrete units.

One of these concrete builders, the ANDOC Anglo-Dutch consortium, said yesterday that it would probably vacate its construction site at Hunterston at the end of this month. Mr. George Cummings, ANDOC's U.K. general manager, said that the consortium was unlikely to renew its contract with the Government to remain on the site after January 28. It was possible, however, that the group would act as caretakers on a management basis.

The Government, which guaranteed funds for the Hunterston venture, has so far spent over £7m. on the site. The facilities have never been used because their opening a few years ago coincided with the start of a deep recession in the platform construction industry.

Four of the eight U.K. construction sites are now shut-down, serviced only by small care and maintenance teams. Three of these, at Hunterston, Fortevade, and Ardne Point, were established specifically to fabricate concrete platforms. The

fourth, Laing Offshore's Graythorpe yard, is in the running for some of the steel units expected to be ordered in the second and third quarters.

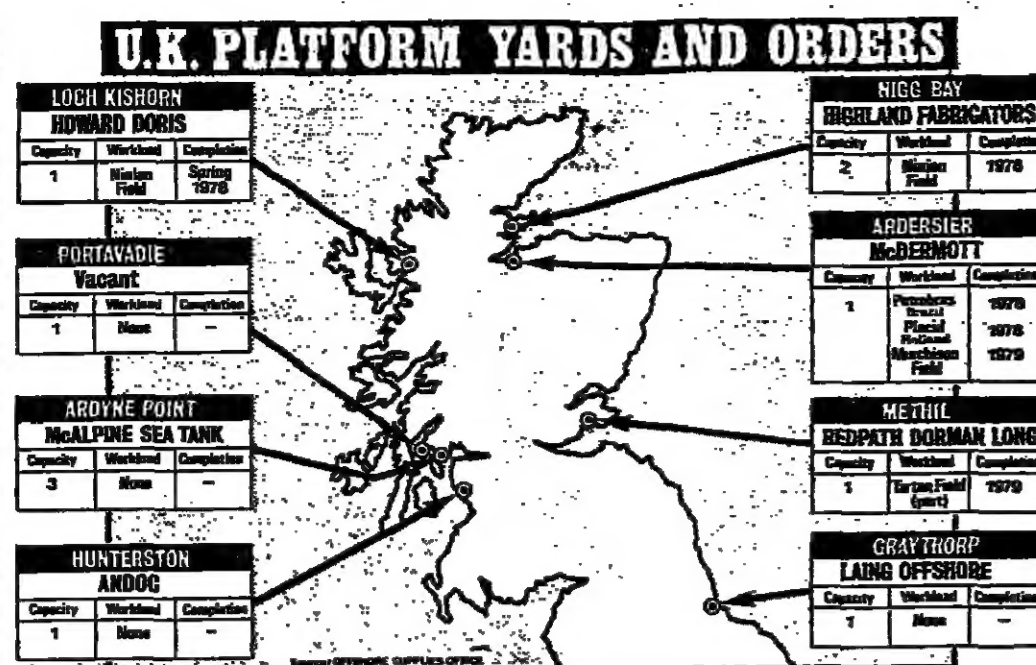
Mr. Cummings said that ANDOC had hoped that two of the possible orders—one for British Petroleum's Magnus Field and the other for Phillips's Maureen field—might be concrete structures but this now seemed unlikely.

Builders of concrete platforms yesterday met officials of the Department of Energy and of the Government's Offshore Supplies Office. There was general agreement that there was little prospect of substantial concrete orders for the next two years at least. Oil companies are favouring lighter steel platforms and floating production systems.

ANDOC built one concrete platform—a unit for Shell/Esso's Dunlin Field—but this was fabricated in Holland and completed in Norway. The partners (Tarmac Construction, Balfour Beatty, Leonard Fairclough, Bos Kalka Westminster, Hollandsche Beton Groep, Stevin Groep and Koninklijke Adriaan Volke Group) expect to break even on that contract, worth over £130m., but it is estimated that they will sustain a £1m. loss on other parts of their operation.

About half of this loss can be attributed to feasibility studies undertaken for several of the orders expected to be announced this year.

Stockbrokers Wood, Mackenzie & Co. say in their latest North Sea report that 12 platforms could be ordered this year, 11 of which



are likely to be fixed steel structures. If all of these units are ordered in the U.K. — and the Government will be insisting that British companies should be given a fair chance to compete — then the work could be shared among the four yards with steel fabricating facilities. Nigg Bay, Graythorpe, Meath and Ardsier. Each of the yards is urgently seeking work.

Although several of the platforms are likely to cost well over £100m. each when fully equipped, the potential orders include a Field; Shell's Fulmar Field (two units); BP's Magnus Field; and Phillips's Maureen Field.

The brokers feel that further steel platforms will be ordered next year for Amoco's North West Hutton and Phillips's Thelma discoveries, although Amoco might decide to proceed later this year.

The Offshore Supplies Office said yesterday that it would study this report in due course.

Fiat bid to expand dealer network

By Our Motor Industry Correspondent

FIAT, the second largest car importer in Britain last year, will try to attract 100 more dealers to its franchise this year in an effort to push-up sales to 60,000 by 1979.

Fiat's new push comes as a number of importers are attempting to expand their dealer networks and must cause further anxiety to the Government about the level of car imports in Britain.

Although some of these companies will clearly not be able to reach their targets because of the shortage of good dealers available, there are clear signs that the larger importers are now consolidating their position in the U.K.

After a period of only average performance in the early 1970s, Fiat is now expanding quickly and making a bid for market leadership in the importing sector.

The top importer, Daimler, sold 82,000 vehicles last year against Fiat's 66,000.

This year Fiat hopes to expand its network to 450 outlets and raise sales to 70,000.

The company's plans are based on every dealer selling 200 cars a year.

Asked about the problems caused by the increasing sales of car imports, Fiat said: "If you look at the situation across Europe there are adequate opportunities for the British industry to sell their products in Europe. That is why this country joined the Common Market."

ANTIMONY OXIDES TO COST LESS

By Our Commodities Staff

Price reduction for antimony oxides, effective from January 16, have been announced by Britain's leading producer Anzon, a subsidiary of the Lead Industries Group.

Antimony oxide is being cut in price by £255 to £1,555 a tonne, while crude, and black powdered antimony are to be £225 cheaper. The price of antimony metal, however, is unchanged.

This is the first price change since July 1976 for antimony oxides, which are used particularly in the paints and plastics industries for their flame-retardant properties.

NVT will supply mopeds to U.S. in £2m. deal

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

RECOVERY PROSPECTS at NVT Motorcycles look brighter with the conclusion of a £2m. moped order from the U.S. and two co-operation deals with Yamaha.

The deals will mean significant extra volume to NVT, part of the former Government-aided company which collapsed in 1969.

NVT is building up a small business at premises at Shenstone near Birmingham, and has increased its labour force up from about 20 to 60.

The U.S. order, for 12,000 mopeds, will mean raising moped production from about 4,000 last year.

The vehicles are made largely from imported parts and will be distributed in the U.S. through the Scorpion company rather than the NVT-owned network.

Scorpion is in the snowmobile business, and has been looking for alternative employment in the summer months when moped sales are at their strongest.

Mopeds, sales of which have risen only on the last two years, are dominated by Puch, the Austrian company, which sells about 40,000 units, and Honda, the

Renault subsidiary, and Peugeot, both of which sell about 25,000 units followed by Vespa of Italy. Honda, the Japanese manufacturer, is also entering the market with its Can-Am model which it assembles in Belgium. About 200,000 units were sold in the U.S. last year.

NVT and Yamaha will be involved in police and racing motorcycles, the first direct link between the U.K. industry and a Japanese manufacturer.

The police vehicle, which is being tested by a number of police forces, will be called the Norton Yamaha, and introduce British parts to the basic 750 cc. Japanese machine.

About 30 per cent of the machine is reckoned to be British, and it will sell at £1,550, some £400 less than the equivalent BMW vehicle.

The racing machine, for use in motorcross events, is based on the 500 cc. Yamaha, and will have about 55 per cent U.K. content.

Mr. Mike Jackson, sales director at NVT, says the British company can handle the smaller volume output more easily than Yamaha, which is geared basically for large-scale production.

Stockbrokers had £2m. deficiency, court told

INQUIRIES INTO the affairs of stockbrokers Chapman and Rowe showed a total deficiency of more than £2m. at the end of last month, an Old Bailey jury was told yesterday.

This included £1,600,000 liability on the firm's accounts and £415,000 as the personal liability of its partners.

The details were given on the second day of the hearing against five former partners of Chapman and Rowe and a managing clerk on charges of conspiring to defraud clients between 1973/74.

The defendants are Alan Harman, 34, of Putney, George Edward Miller, 35, of Wimbledon, Ralph Clarke, 50, of South Kensington, Victor Thomas Andrews, 33, of Potts Wood, Kent, and John Maxwell Gordon, 37, of St. Mary Bourne, Andover, Hants; and their former managing clerk, John Michael Goodsell, of Sharpshooters, Sussex.

Mr. Neil Denison, prosecuting, said the firm had produced an incorrect balance sheet to show that its liquidity margin was £175,731 six months before its hammering in April, 1974. But

Arson raises fire premiums

FIRE insurance premiums covering schools in Nottinghamshire are to go up by 30 per cent, because of the county's arson record, which is costing rates payers £10 a minute.

Last year more than 30 schools in the county were the targets of fire raiders. In one case more than £250,000 damage was caused to a new comprehensive school. Most of the culprits have been juveniles.

Access holds its ground despite Barclaycard's lower rate

BY MICHAEL BLANDEN

THE TWO big bank credit-cards — Access and Barclaycard — are experiencing a substantial increase in business as a result of the New Year sales, but report that there is little sign so far of a significant switch to Barclaycard as a result of its introducing a lower interest rate than its rival.

Barclaycard, run by Barclays Bank, reduced its rate in late November from 12 per cent. a month on outstanding balances to 11 per cent. This cut the maximum true rate charged to 18.5 per cent. a year and gave

it a clear advantage over its rival during the important Christmas season.

Access, run by the other big three banks, has so far maintained its rate at 12 per cent. a month — a maximum true rate of 23.1 per cent. a year. While keeping the rate under review, it has no immediate intention of reducing.

Barclaycard suggests that the number of new cards being issued at present, normally a slack time of the year, is running rather higher than usual even at about 40,000 a month, but it is not clear whether this is due to the difference in rates.

The two groups report that the Christmas period maintained the growth rate experienced during the past year without indicating a consumer boom. Turnover in December was about 35 per cent. up compared with the same month of 1976.

The New Year sales, however, have produced a large increase in turnover. Although the card groups do not yet have detailed figures available, their experience confirms the indications of a sharp jump in spending

BP abandons deepest North Sea test well

BY OUR ENERGY CORRESPONDENT

BRITISH PETROLEUM has abandoned an exploration well sunk on the northern limits of the U.K. sector of the North Sea.

Details of the well are being kept a commercial secret in view of the possibility of a 'feasibility' for transshipment while gas is taken by pipeline to Emden in West Germany.

But it is known that the well — the most northerly ever drilled in the North Sea — was sunk to a record depth of over 1,000 feet. As a result of the drilling operation BP has earned a 65 per cent. interest in the block 21/2.

The remaining interest is held by the Enjay Consortium comprising Enjay (40 per cent.), Gresham Trust of London (7.5 per cent.), Westburne Petroleum and Minerals of Calgary (5 per cent.), Ulster Petroleum of Calgary (2.5 per cent.), and Jayson-Ricks of London (2.5 per cent.).

Statoll, Norway's national oil corporation, has reported a further find of natural gas and condensate on block 1/9, southwest of the Ekofisk Field. It is the fourth time that a well has encountered hydrocarbons in the block and it seems almost certain that the field will be linked eventually to the Ekofisk production centre.

More drilling

Tests on the latest well produced a daily flow rate of 510,000 cubic metres of natural gas and 3,000 barrels of condensate. Statoll said that further drilling would be necessary to establish the size of the field.

Last year three wells were drilled. Two of them were said to have found non-commercial quantities of hydrocarbons, while drilling on the third was suspended to be resumed later.

It is thought that the unnamed structure will be linked with the Ekofisk once other nearby fields have been explored. So far Ekofisk, West Ekofisk and

New industrial coatings co. at Macpherson

The 10 industrial coatings companies within the Donald Macpherson Group have been formed into a new company, Macpherson Industrial Coatings. Business growth, together with a succession of acquisitions, has led to the formation of the new company.

Macpherson Industrial Coatings with its own eight-member Board will be more independent of the parent group in its day-to-day operation, while working within an integrated overall policy for further planned growth, directors say.

The new company's subsidiaries will continue to be autonomous in providing decentralised manufacturing, marketing, and customer service functions, but will be supported by central staff activities such as research and development, export and marketing services.

Lada cars up

PRICES OF all Lada cars, imported from the Soviet Union, are to rise by an average of 5 per cent. from February 5, the company said yesterday.

Britten-Norman to cut workforce

BY LYNTON McLAINE, INDUSTRIAL STAFF

BRITTEN-NORMAN, the Isle of Wight aviation company, is to make a quarter of its 230 workforce redundant.

Sir Charles Hardie, the receiver who has been trying since October to sell the company "as a going concern," said last night that it was apparent that the workforce was greater than that viable for present or expected business.

Britten-Norman (Bembridge) is an aviation group subsidiary of the Fairley Company. Losses at its Belgian subsidiary, Fairley SA, forced the company to call in the receiver after failure to reach agreement with the Belgian government on a £15m. deal under which Short Brothers and Harland would have bought Britten-Norman.

The company makes ten-seat Islander and 18-seat Trislander aircraft. Last night the company would not disclose the present level of work, although "new

orders continue to be received at an encouraging rate."

After his appointment, Sir Charles took steps to secure the support of Britten-Norman's overseas distributors. This enabled redundancies to be limited to 70 people.

Redundancies were a "necessary step" if the company was to be preserved as a viable business, he said. The eventual sale of the business would provide security of employment for the remaining 200 employees.

Negotiations were continuing with several potential buyers but there was no indication when a sale would be concluded.

Workers at the Bembridge factory are being consulted through the Amalgamated Union of Engineering Workers, the Technical, Administrative and Supervisory section of the AUEW, the Electrical and Plumbing Trades Union and the National Union of Sheet Metal Workers.

Arms deal trial jury spends night in hotel

JURY TRYING corruption charges in the Iranian arms deal case will spend the night in a hotel after they had been out for five hours without reaching any verdict.

The accused in the case which has lasted more than two months are Lt.-Col. David Randel, 41, Mr. Geoffrey Wellburn, 41, Mr. Frank Nurdin, 61. All were allowed bail overnight.

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NEWS ANALYSIS—FISONS PRICE RISES

Required reading on ironing out distortions

BY ELMOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE PRICE Commission's report on Fisons, published yesterday, should be essential reading for any company hoping to iron out the distortions in its prices created by four years of rigid price controls.

The commission, set up last August with new flexible powers to investigate price increases, makes it clear that it takes a dim view of the idea of loading price increases on to products which are not price sensitive.

The report also demonstrates that the commission is quite prepared to get involved in the tough question of a company's profit mix—something which many companies would regard as very much their own business.

The commission recommended that Fisons should not be allowed to put up the prices of its range of garden weedkillers and fertilisers by as much as it wanted.

It has this recommendation not on the belief that Fisons is inefficient—though the commission does give some advice on what it apparently sees as the rather individual way it runs its business—but on the grounds that competition does not provide an adequate restraint on

prices to a market which is relatively insensitive to price and in which consumers apparently have difficulty in judging value for money.

The commission decided in September to investigate Fisons' proposed price increase. The company's notification embraced the prices charged by both the agrochemical division and the horticultural division.

From the start, however, it seems that the commission was more interested in the horticultural side of Fisons, where the company has the largest share of the market.

In 1976, the commission estimates that agrochemicals returned 15 per cent. on sales and 20 per cent. on capital; the comparable figures for horticulture were 7 per cent. and 12 per cent.

Discussions

In its discussions with the commission, Fisons' reasons to support its proposed price increases included the need to meet increases in direct costs, to fund expanded research and development, and to rectify

certain pricing anomalies. These anomalies arose partly out of the rigid framework of price controls which ended this summer. The old rules meant companies could pass on only certain costs in higher prices and for Fisons this meant that the premiums it used to charge for some of its horticultural products had been eroded.

The proposed increases would have yielded a total of £1,922m. in the year to September 30, 1978—£659,000 would come from agrochemicals and £1,263m. from horticultural products, the latter for professional as well as amateur gardeners.

It was only the notification of amateur gardeners to which the commission objected. It concluded that, on the basis of the level of profits achieved in date, the company had grounds for raising additional revenue within the U.K., though Fisons' method was disputed.

The commission also has to examine the question of a company's efficiency. Its efficiency audit on Fisons did not alter its basic view that the company needed a price rise.

It concluded that the agro-

chemical side was generally well managed and efficient though it appeared slightly surprised by the sales of the company's management techniques and offered advice on how they might be improved.

Some of these areas on which it comments—like the way in which management meetings are documented—show just how different the new commission sees its role to that of its predecessor.

It was rather less flattering about the horticultural side's record. Until January last year, the horticultural and agrochemical activities operated under common management and the commission suggests that the growth of the agrochemical business resulted in insufficient management attention being paid to horticulture.

The two activities have now been separated and while the commission says it is too soon to judge definitively the performance of the new organisation, it says that the horticultural business appears to be operating efficiently.

What it objects to is what might be described in broad terms as the company's market-

ing strategy. It draws attention, for example, to the fact that the company does not seem to have pushed the sales of some of those products which, as a result of the old system of price controls, no longer sell at the premium they used to.

Amateur

More fundamentally, it appears concerned about the way Fisons proposed loading the largest price increases on to the products sold to amateur gardeners rather than spreading them equally across the professional range where competition is stronger.

The proposed increase for domestic gardening products was up to 43.7 per cent.; the ceiling on professional products was 15.1 per cent.

In general, Fisons has the biggest market share in the garden products section.

Moreover, the commission found that amateur gardeners were relatively insensitive to price changes and that they found it difficult to make judgments about value for money.

It also asked why Fisons should want to implement bigger

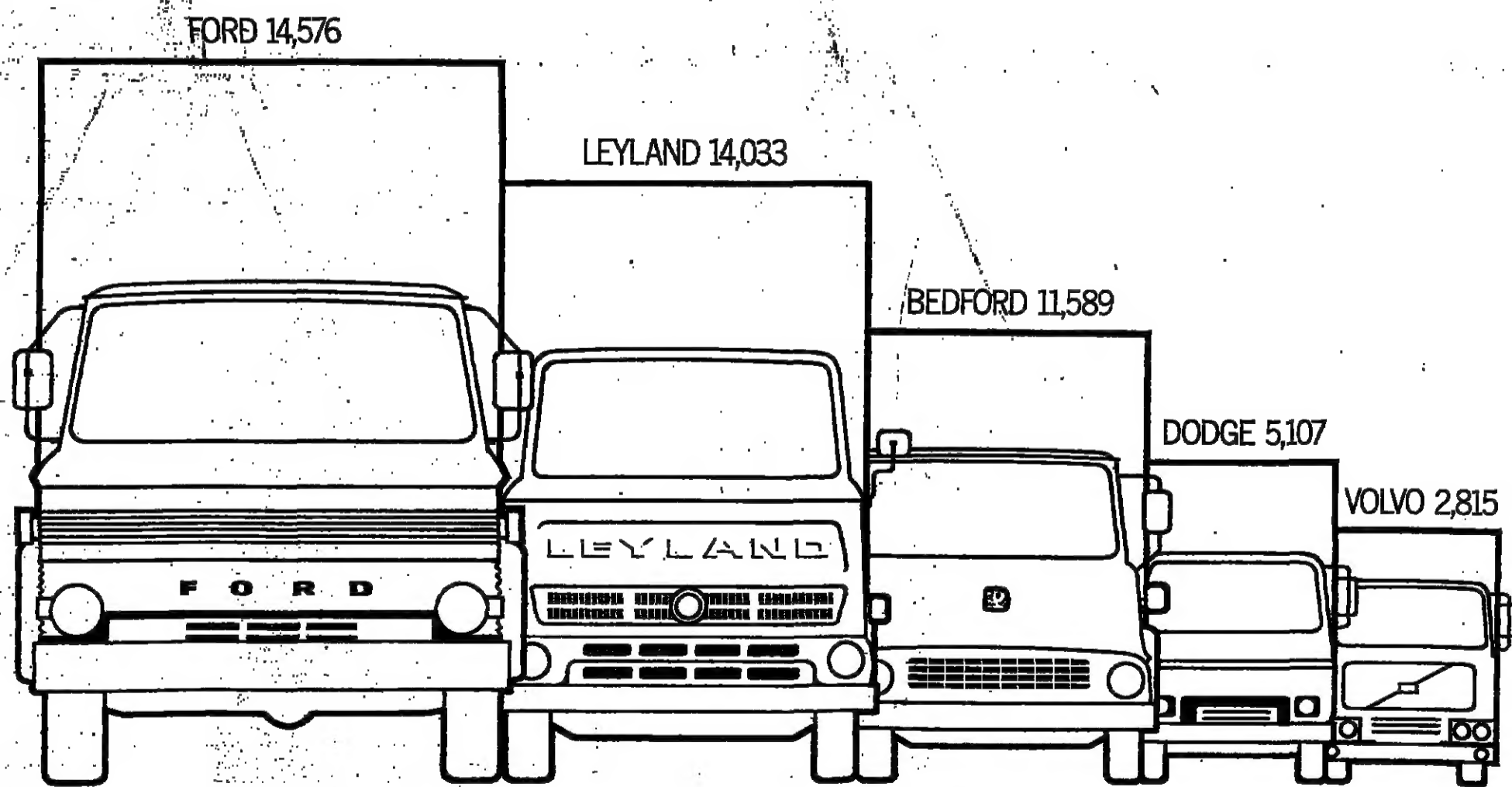
prices on the home garden range when it was already making larger profits on the range than it was in the professional market. The commission clearly seemed to think that the pricing strategy was a reflection of the fact that Fisons was stronger in the market for amateur gardening products than it was in the more price sensitive market for professional products.

Fisons justified this large increase on the amateur range on the grounds that it was designed to rectify anomalies in its prices, compared to those of their competitors which had risen during the period of price controls. The commission rejected this argument.

It said that its initial view was that the price increase of the garden range should not be higher than on the professional products.

In view of the effect this would have on the company's overall profits, and of Fisons' desire to reestablish earlier levels of price differentials, however, it has decided to restrict the increase on the garden range to 20 per cent.

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NEW HEAVY COMMERCIAL VEHICLE REGISTRATIONS 1977.

The SMMT figures for 1977 have just come through and Ford have taken the number one spot as Britain's leading truck manufacturer.

Not just in the medium sector, where we've always done well, but in the heavy sector too, where the competition is fiercer.

Why is it that we've done so well? Is it that we make the best trucks?

We like to think that we do, but there's a lot more to it than that.

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Johannesburg Consolidated Investment Group

(All companies mentioned are incorporated in the Republic of South Africa)

MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 31ST DECEMBER, 1977 WITH COMPARATIVE FIGURES FOR THE PREVIOUS QUARTER

Western Areas

Western Areas Gold Mining Company Limited
Issued Capital: R40 300 000
(Divided into 40 300 000 units of stock of R1 each)

OPERATING RESULTS

	Quarter ended 31.12.77	30.9.77	31.12.76
Ore milled — tons	1 018 000	1 000 000	3 579 000
Gold produced — kilograms	5 878	6 003	21 478
Yield — grams per ton	5.8	6.0	6.0
Total revenue — per ton milled	R28.42	R28.64	R26.85
Working cost — per ton milled	R21.08	R20.50	R21.68
Operating profit — per ton milled	R7.40	R8.14	R5.17

FINANCIAL RESULTS (R000's)

	Quarter ended 31.12.77	30.9.77	31.12.76
Revenue from gold	R28 536	R28 484	R88 732
Working cost	R21 290	R20 204	77 820
Working profit	7 246	8 280	11 352
Sundry revenue	251	164	3 780
Operating profit	7 497	8 444	15 132
Net interest receivable	138	165	545
Profit before taxation	7 635	8 609	15 680
Taxation	399	240	1 084
Profit	R7 236	R8 369	R14 596
Capital expenditure	R3 883	R1 834	R7 169
Loan levy	R27	R20	R212
Dividends declared	R3 321	Nil	R8 340

DEVELOPMENT

	Quarter ended 31.12.77	30.9.77	31.12.76
Advanced — metres	30 898	10 139	34 549
Sampled — metres	1 086	1 461	4 800
Channel width — centimetres	170	138	161
Average value — grams per ton	7.4	6.7	7.5
— centimetre grams per ton	1 258	1 135	1 250

SAMPLING RESULTS: INDIVIDUAL REEFS

	Quarter ended 31.12.77	30.9.77	31.12.76
Sampled — metres	1 086	1 461	4 800
Channel width — centimetres	170	138	161
Value — grams per ton	7.4	6.7	7.5
— centimetre grams per ton	1 258	1 135	1 250

The values shown in the tabulation are the actual results of sampling development work on reef. No allowance has been made for modifications which may be necessary when computing ore reserves.

ORE RESERVES AS AT 31st DECEMBER:

	1977	1976
Tons	7 546 000	8 073 000
Width — centimetres	185	181
Value — grams per ton	8.6	8.6
— centimetre grams per ton	1 860	1 856

The current ore reserves are related to a pay limit calculated on the basis of a gold price of R4 500 per kilogram (1976 — R3 635 per kilogram).

DEVELOPMENT TO S.V. 3 SHAFT

The delays due to the intersection of and the consequent sealing off of water bearing fissures in this development were reduced during the quarter and an advance of 67 metres was achieved. Progress in all ends now totals 1 563 metres.

Indications are that development is now entering a drier area.

ELEVEN-SHIFT FORTNIGHT

The adverse effect on production of the seasonal decline in the availability of Black labour was partially offset by drawing 50 000 tons of ore from the surface stockpile and the continued voluntary working on the "wetland" shaft. The necessity for working this overtime shift once again resulted in increased labour costs.

EXPLORATION

Exploratory drilling from underground to ascertain the potential of the Middle Elsburg Reef continued during the quarter.

Reef	Borehole	Channel Width	Average Value	Gold	Uranium
		centimetres	g/t	cm/g	kg/t
UEIA	36 Inlet Level	100	0.6	60.0	0.19
ES E/C	No. 2	125	0.2	1 160.0	1.06
UEIA	38 Inlet Level	190	Trace	0.20	57.00
ES E/C	No. 3	100	Trace	0.30	30.00
ES	175	1.9	322.5	0.90	87.50
UEIA	48 Level	135	Trace	0.17	22.95
ES E/C	No. 4	125	Trace	0.07	70.11
UEIA	58 Level	125	Trace	0.09	84.40
ES E/C	No. 2	180	Trace	0.89	84.40

DIVIDENDS

Dividend No. 25 of 7 cents per unit of stock was declared on 1st December, 1977 payable to members registered at the close of business on Thursday, 18th December, 1977.

CAPITAL EXPENDITURE

Net expenditure on mining assets during the quarter amounted to R2 203 000 with other capital expenditure during the quarter amounting to R817 000, bringing the total net expenditure on capital account at 31st December, 1977 to R3 020 000. At 31st December, 1977 there were capital commitments amounting to R821 000.

For and on behalf of the board,
P. A. VON WIELLICH Directors
F. J. L. WELLS

Randfontein Estates

The Randfontein Estates Gold Mining Company, Witwatersrand, Limited
Issued Capital: R10 827 106
(Divided into 10 827 106 shares of R1 each)

OPERATING RESULTS

	Quarter ended 31.12.77	30.9.77	31.12.76
Ore milled — tons	310 000	267 000	1 129 000
Gold produced — kilograms	4 828	4 455	17 480
Yield — grams per ton	14.6	15.0	15.5
Total revenue — per ton milled	R20.50	R20.64	R20.29
Working cost — per ton milled	R22.61	R21.09	R21.37
Operating profit — per ton milled	R17.89	R19.55	R18.92

FINANCIAL RESULTS (R000's)

	Quarter ended 31.12.77	30.9.77	31.12.76
Revenue from gold	R21 678	R17 274	R70 967
Working cost	17 059	16 265	54 014
Working profit	4 619	1 009	16 953
Tribute revenue	55	7	84
Net sundry revenue	122	136	498
Operating profit	4 796	1 132	17 535
Net interest receivable (payable)	(172)	300	850
Profit	R4 624	R1 432	R18 385
Capital expenditure	R22 231	R33 855	R108 151
Dividends declared	R10 827	—	R16 817

Note:
A provision for taxation is not required as the Company has an estimated loss for tax purposes.

DEVELOPMENT

A total of 7 456 metres was advanced during the quarter (5 713 metres) bringing the total advanced for the year to 21 163 metres.

SAMPLING RESULTS: UEIA REEF

	Quarter ended 31.12.77	30.9.77	31.12.76
Sampled — metres	1 250	1 014	4 317
Channel width — centimetres	136	132	139
Gold	12.6	17.2	15.5
Av. value — grams per ton	1 714	2 370	2 166
— centimetre grams per ton	0.278	0.260	0.265
Uranium	37.81	34.42	26.84

AREA RESULTS: UEIA REEF

	Quarter ended 31.12.77	30.9.77	31.12.76
Sampled — metres	688	681	714
Channel width — centimetres	166	107	144
Gold	12.5	15.4	15.4
Av. value — grams per ton	2 075	1 370	2 218
— centimetre grams per ton	0.132	0.470	0.202
Uranium	25.23	50.29	29.09

Notes:
1. Cooke No. 1 shaft development was mainly concentrated on the eastern side in an effort to explore the limits of the pay zone, which probably accounts for some of the reduction in the development value.
2. In addition to the above, development at the Cooke No. 2 shaft on the E2 reef gave the following results:

	Quarter ended 31.12.77	30.9.77	31.12.76
Sampled — metres	211	175	175
Channel width — centimetres	136	107	144
Gold	12.5	15.4	15.4
Av. value — grams per ton	2 075	1 370	2 218
— centimetre grams per ton	0.132	0.470	0.202
Uranium	25.23	50.29	29.09

ORE RESERVES AS AT 31st DECEMBER:

The current ore reserves are related to a pay limit calculated on the basis of a gold price of R4 500 per kilogram (1976 — R3 635 per kilogram) and certain assumptions as to uranium price.

COOKE NO. 1 SHAFT

	1977	1976
Tons	1 646 000	1 554 000
Width — centimetres	171	168
Gold	14.7	14.7
Av. value — grams per ton	2 314	3 365
— centimetre grams per ton	0.136	0.135
Uranium	23.09	21.73

The 1976 ore reserve calculations did not take account of any contribution to revenue from uranium.

COOKE NO. 2 SHAFT

	1977	1976
Tons	1 027 000	1 027 000
Width — centimetres	173	173
Gold	9.1	9.1
Av. value — grams per ton	1 574	1 574
— centimetre grams per ton	0.253	0.253
Uranium	44.12	44.12

No ore reserves were available at Cooke No. 2 shaft as at 31st December, 1976.

RANDFONTEIN — S.D. 32 SHAFT

	1977	1976
Tons	351 000	70
Width — centimetres	70	70
Gold	2.5	2.5
Av. value — grams per ton	182	182
— centimetre grams per ton	0.808	0.808
Uranium	42.56	42.56

No ore reserves were calculated at S.D. 32 shaft as at 31st December, 1976. The current calculations only reflect blocks above 16 level as levels below this were under water at the time of calculation.

Randfontein Estates continued

COOKE SECTION

Construction work on the new integrated gold and uranium recovery plant is on schedule.

The revision of the permanent headframe at Cooke No. 2 ventilation shaft has been completed and this shaft system is now fully commissioned. The build-up of stoping operations is ahead of schedule and a further 103 000 tons of broken ore surplus to the capacity of the Millite plant, were stockpiled at the Cooke plant during the quarter.

RANDFONTEIN SECTION

De-watering operations are ahead of schedule and 18 levels has been exposed. Slope re-equipping and mining operations are on schedule and a further 81 000 tons of broken ore were added to the No. 16 shaft surface stockpile during the quarter. The Millite uranium plant was commissioned during the quarter and uranium production and sales have commenced. Production availability did not match that of the gold section due to various mechanical problems associated with the start-up of the new plant. These problems which were mainly associated with corrosion protection are being overcome.

The intermittent operation of the uranium plant and the discrepancy between tonnages treated in the gold and uranium plants has caused operational problems in the gold plant. As a result, although this plant operated at full capacity, the recovery of gold was affected and residue values were significantly higher than normal.

Certain changes have been made to the process to ensure that losses to tailings in future will remain consistent with normal operating practice. The higher residues passed to the slimes dam will be recovered in due course when the Millite plant commences re-treating tailings dams once the Cooke plant is fully operational.

DIVIDENDS

Dividend No. 85 of 200 cents per share was declared on 1st December, 1977 payable to members registered at the close of business on Thursday, 18th December, 1977.

CAPITAL EXPENDITURE

Net expenditure on mining assets during the quarter amounted to R25 211 000 bringing the total net capital expenditure at 31st December, 1977 to R222 488 000. This total includes expenditure at Cooke Section amounting to R174 065 000. At 31st December, 1977 there were capital commitments amounting to R9 000 000.

For and on behalf of the board,
B. A. SMITH
F. J. L. WELLS Directors

RESULTS FOR THE QUARTER ENDED 31.12.77

Stockholders are advised to study the operational results published by Western Areas Gold Mining Company Limited.

	Quarter ended 31.12.77	30.9.77	31.12.76
Dividends declared (R000's)	1 274	1 274	1 274

For and on behalf of the board,
P. A. VON WIELLICH
F. J. L. WELLS Directors

Otiase

Otiase Mining Company (Proprietary) Limited
Issued Capital: R2 781 463
(Divided into 2 781 463 shares of R1 each)

OPERATING RESULTS

	Quarter ended 31.12.77	30.9.77	31.12.76	Six months ended 31.12.77	31.12.76
Ore milled — tons	193 000	212 000	405 000	385 000	617 000
Production (Based on mine assays):					
Copper in concentrates — tons	3 421	3 559	7 110	6 980	10 220
Gold in concentrates — tons	18 628	18 539	35 107	37 167	73 216
Working cost — per ton milled	R15.03	R15.36	R15.79	R15.20	R15.58
Development advanced — metres	877	1 381	2 258	2 258	2 258
Blister copper produced — tons	3 018	3 142	6 315	6 160	12 630
Blister copper shipped and sold — tons	2 965	4 280	7 228	7 228	7 228

FINANCIAL RESULTS (R000's)

	Quarter ended 31.12.77	30.9.77	31.12.76	Six months ended 31.12.77	31.12.76
Operating loss	Dr. 208	Dr. 1 381	Dr. 1 494	Dr. 1 381	Dr. 1 494
Adjustment of stock values	1 285	2 743	4 028	4 028	4 028
Less Sundry revenue	11	9	30	30	30
Net operating loss	R1 274	R12 734	R4 008	R4 008	R4 008

Notes:
1. Revenue is subject to adjustment on final determination of proceeds from sales.
2. Copper stocks are valued at estimated net realisable value.

SUSPENSION OF OPERATIONS

Following a complete review of the company's position in the light of the continuing depressed price of copper and the resulting drain on the company's financial resources, it was decided to suspend operations and place the mine on care and maintenance with effect from 1st January, 1978. The plant and underground workings will be fully maintained in a condition which will enable operations to be resumed when circumstances permit.

CAPITAL EXPENDITURE

Net expenditure on mining assets during the quarter amounted to R465 000.

For and on behalf of the board,
H. DALTON-BROWN
R. B. SUTHERLAND Directors

17th January, 1978
Johannesburg Consolidated Investment Company, Limited
Consolidated Building, Fox and Harrison Streets,
Johannesburg 200.
P.O. Box 560, Johannesburg 2000

Copies of the above reports are obtainable from the London Secretaries:

Barnard Brothers Limited,
89 Bishopsgate, London EC2M 3XE.

APPOINTMENTS

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for the Commodity Markets



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London

A Trading Company operating in the field of soft commodities and metals requires a MANAGING DIRECTOR with the emphasis of background and expertise in non-ferrous metals trading, the L.M.E. and Comex.

The person appointed will have had management responsibility for the performance of a trading activity and will also have had substantial client contact. He/she may have had experience on the metals desk at a senior level as an Account Executive in a Commission House, as an Executive with a Ring Dealing or Non-Ring Member of the London Metal Exchange, or elsewhere in a senior metals trading function.

He/she will be responsible for controlling and motivating the trading team. The challenge will be to develop fully the potential of a first class company with world wide producer and customer connections.

The envisaged age range is 35-45 and the successful candidate will receive a substantial basic salary negotiable with participation in the results of the performance of the company. A car and substantial benefits will be provided.

In the first instance please contact Graham Stewart of Commodity Appointments Limited who will supply further relevant information and will arrange interviews in complete confidence.

Egmont House 116 Shaftesbury Avenue London W1
Tel 01-439 1701

COMPANY NOTICES

CORRECTED ADVICE BEARER DEPOSITARY RECEIPTS

Representing preferred stock of
BAXTER/TRAVENTOL
International Capital Corporation

1st Series convertible preferred stock

A distribution of Dollar 0.22 per depositary share, less any applicable taxes depending on the presenter's country of residence, will be payable on and after January 23, 1978 upon presentation of coupon no. 12 at the Office of any of the following depositaries:

MORGAN GUARANTY TRUST CO. OF NEW YORK
NEW YORK, 15, Broad Street (ADR Section)

BRUSSELS, 35, Avenue des Arts
LONDON, 33, Lombard Street
PARIS, 14, Place Vendôme

FRANKFURT, Stockheimer Landstrasse 4

BANK OF AMSTERDAM, S.P.A., Via Borsari, 27, Rome

BANK MEES & HOPE N.V., Herengracht, 44, Amsterdam

KREDITBANK S.A., 37, rue Neoe-Dame, Luxembourg

Previous announcement of payment of Dollar 0.075 per share is to be considered as null and void

HOME NEWS

British Steel supplier gives jobs warning

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

BRITISH Steel Corporation's financial plight is beginning to make a tangible impact on its suppliers. Wellman major customer, the British Steel Corporation, has given unions a warning at 151 of the 420 employees—43 per cent—might be made redundant.

This coincides with reports at the heavy end of the U.K. steel business is about to be a year or so. The other major U.K. manufacturer, Adamson Buttery, part of a know-how agreement with MAN, one of the major German engineering firms, covering heavy cranes and bulk-handling equipment. At Wellman Cranes, Darlington, 90-day notices have been issued, but the company is vying to cut the number of redundancies by making an application for a temporary employment subsidy.

Employees have been told that work has been made to build up export business but the company has been badly affected by the lack of investment by its suppliers. Wellman major customer, the British Steel Corporation, has given unions a warning at 151 of the 420 employees—43 per cent—might be made redundant.

This coincides with reports at the heavy end of the U.K. steel business is about to be a year or so. The other major U.K. manufacturer, Adamson Buttery, part of a know-how agreement with MAN, one of the major German engineering firms, covering heavy cranes and bulk-handling equipment. At Wellman Cranes, Darlington, 90-day notices have been issued, but the company is vying to cut the number of redundancies by making an application for a temporary employment subsidy.

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New competition on home loans unlikely

BY MICHAEL BLANDEN

THE BIG banks have looked at the possibilities of entering the home loan market as one of countering the growing competition for funds from the building societies, but have no plans to make any action in this direction.

Midland Bank said yesterday, for example, that it had thought out the possibility from time to time, while National Westminster said it had looked at the market but not in the recent past.

The banks are aware that any attempt to move in this direction would raise great problems, and might run up against official opposition.

Building societies are non-profit making and effectively mutual organisations, which would therefore not be owned by bank or pass any profit on. The societies are also subject to strict controls on the uses which they can make of their funds.

The benefit to any bank which tried to move in this way would therefore probably be limited to the ability to offer a new service to customers, at the same time giving the opportunity to move into the long-term savings market, and perhaps some spreading of existing branch overheads.

Bankers did not think it likely that any moves would be made to enter the building society market. But they are concerned to draw attention to what they regard as the increasingly unfair competition they are experiencing for deposit funds.

This has already been underlined in the evidence submitted by the London clearing banks to the Wilson Committee on the financial institutions.

Bank 'may bring back corset curbs this year'

BY MICHAEL BLANDEN

THE BANK of England may have taken action to restrain bank lending to consumers, including possibly the re-introduction of so-called corset controls on banks, during the coming year, it is argued by Phillips andrew, stockbroker.

In a comment on bank lending, a brokers add that the strength of consumer spending is likely to be the main engine of monetary expansion in 1978. As well as quipping official restrictive controls, they suggest, the pressure of demand is likely to maintain an upward trend in short-term interest rates later in the year, although initially the 'length of the pound could enable rates to fall slightly.

After the publication of the December banking statistics, the bankers say, the growth of money supply on the wider definition looks likely to be close to the top end of the target range of 9 to 13 per cent for the current fiscal year.

Growth of bank lending has been modest, however, and the net impact of public-sector financial transactions has been contractionary over the past 12 months. The impact of external currency flows has been the main factor leading to growth in M3.

In the coming year, however, the effect of currency flows could be much less significant. Sterling may be less buoyant and the authorities are likely to be reluctant to return to a policy of intervening to hold the exchange rate down.

The public sector borrowing requirement probably will expand slightly in the 1978-79 financial year. In the Budget, the bankers expect the Government to reduce the economy by about £2.5bn. in tax reductions. The main expansionary influence on sterling M3, is expected to be an increase in bank lending in sterling.

Proposals to safeguard fringe bank depositors

BY MICHAEL BLANDEN

PROPOSALS to help protect depositors in secondary banks as soon as time is available in Parliament have been put forward by the Consultative Committee of county banks in a special memorandum to the Department of Trade.

The suggestions, designed particularly to provide more information about short-term deposits and advances, are aimed at providing the information which is present in the present is provided by post-taking institutions.

The details should also provide a basis for considering the information when the Bank of England takes over full responsibility for the supervision of all post-taking institutions under proposed new legislation.

Set out in a White Paper in June 1977, it provides for the setting of all deposit-taking institutions apart from recognised banks and uniform system of supervision.

It is expected that the new laws will be introduced as soon as time is available in Parliament.

The accountancy bodies have reviewed the new regulations on the accounts of deposit-taking companies. The new rules began operating in February last year.

The accountants recommend an extension of the requirements in the accounts of deposit-taking companies covered by the present legislation which are prepared for the department and for depositors.

They suggest that accounts should disclose the amount of deposits repayable within seven days, the amount of loans to the deposit-taking company repayable within seven days, and the amount of loans by the company repayable within the same period.

That would give a clear indication of the short-term position of the company concerned.



THE RANDFONTEIN ESTATES GOLD MINING COMPANY, WITWATERSRAND, LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO MEMBERS CONSUMER LOAN

The attention of shareholders is drawn to the fact that the third and final tranche of U.S.\$34.5 million was received from the consumer on the 1st November, 1977. This advance payment is subject to normal Eurodollar based interest rates for the period 1st November, 1977 to 1st July, 1978, when the tranche was due under the sales agreement. The early receipt of this final tranche was considered advisable by your Board in view of the very rapid progress made in the construction of the Cooke Plant and the advancement of mining plans in order to meet its probable early commissioning.

JOHANNESBURG
17th January, 1978.

Discounts on bread will not be curbed

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

MR. ROY HATTERSLEY, the Prices Secretary, told unions and employers from the baking industry yesterday that there was no question of re-imposing discount controls on bread.

The unions saw the Minister to express concern about the impact on the industry of the rising level of trade discounts.

They are worried that the already financially squeezed bakers are giving away money unnecessarily to the big supermarket groups and that this threatens employment in the industry and the standard of service.

The United Road Transport Union, which represents the bread delivery-men, and the Bakers, Food and Allied Workers Union, both want the Government to reintroduce the statutory ceiling on trade discounts, which was abolished a year ago. At that time the delivery men protested against what was said to be a discount war by disrupting deliveries. Feelings in the industry are still running high about the whole question of discounts.

The bakers employers say they are unable to do anything about discounts on their own. But Mr. Hattersley made it clear yesterday to both sides that he had no intention of intervening in the market.

Restrictive practices legislation prevented the big baking companies from getting together to agree a ceiling on discounts, it was pointed out.

Smoking tar tax agreed

BY STUART ALEXANDER

THE Government has been given the go-ahead to introduce the so-called "health tax" on higher tar cigarettes from July 1. EEC Ministers agreed to the move late in December by which the present level of taxation can be increased by up to a fifth on all cigarettes delivering more than 20 milligrammes of tar.

This means that some cigarettes classified as middle tar in the U.K. could also be affected, though most of the brands would be plain rather than filter cigarettes. The industry has already agreed to phase out high tar cigarettes by the end of March, 1979.

The directive allowing the supplementary tax runs for 2½ years from July 1 this year.

Although the measure will need Finance Bill legislation, Customs and Excise has been authorised to consult with the tobacco industry "on the machinery of assessment and collection."

Among the cigarettes which would be affected are Player's No. 10, as well as Player's No. 6 plain, Embassy plain and Piccadilly No. 1, which are all classified at present as middle tar brands. The best-known middle-to-high tar and high tar brands include Gauloises and Gitanes plain, Woodbines, Senior Service and Player's Medium.

Nuclear exporters to discuss stronger safeguards

BY DAVID FISHLOCK

ANOTHER meeting of the once-secret Nuclear Suppliers Group drawn up by the group was being planned for London later this International Atomic Energy year, at which members will attempt to make so-called full-scope safeguards a condition of supply.

Four of its 15 members previously balked at this condition, which would open to international inspection not merely the piece of equipment or the aspect of technological know-how being exported, but the entire nuclear cycle of the recipient nation.

But for three of them it is thought to be just a matter of timing—a desire to avoid any conflict with the major international re-examination of all nuclear fuel technology for more proliferation—resistant paths, launched recently by President Carter.

The fourth, however—understood to be France—may be less readily persuaded that safeguards should automatically apply not only to what it is selling, but also to what other nations may have sold the customer.

The Nuclear Suppliers Group also plans to discuss whether it should be enlarged further, and if so with whom.

It was announced last week that the code of safeguards for nuclear exports made public through the Agency in Vienna.

Guidelines for nuclear exporters forwarded to the IAEA by the 15 group members, include a "trigger list" of materials, equipment and technological know-how, the export of any item on which is covered by the code of safeguards.

The trigger list—so-called because any suspicion that a nation might be using listed items to make nuclear explosives would automatically trigger diplomatic action—has two important differences from one already published by the IAEA.

One difference is the inclusion of deuterium and heavy water, in quantities exceeding 200 kilograms of deuterium atoms, exported to any one country in a period of 12 months. Heavy water, used as moderator in heavy water types of reactor, such as India possesses, is also used in making H-bombs.

The other difference is the inclusion of technology transfers relating to the design, construction, operation or maintenance of such nuclear processing plants as uranium enrichment, spent fuel reprocessing, and heavy water refining.

Gormley for trust board

BY ADRIENNE GLEESON

MR. JOE GORMLEY, president of the National Union of Mineworkers, is joining the Board of the British Investment Trust today.

The trust was taken over by the National Coal Board pension funds—the NCB Staff Superannuation Scheme and the Mineworkers' Pension Scheme—in the middle of last month, after a prolonged battle for control.

Although the British Investment Trust is still a publicly quoted company, with only just over 75 per cent of its equity held by the National Coal Board pension funds, a scheme of arrangement is now being completed which will, if agreed, take out all the minority shareholders and allow BIT's portfolio to be integrated with those of the pension funds.

Mr. James Cowan and Mr. Trevor Thomas are also joining the Board of BIT. Mr. Cowan is director of NCB's Scottish Area, and Mr. Thomas is a member of the Coal Board's mining research and development establishment.

CONSUMER CREDIT ACT

In your business do you ever help customers or clients get credit?



You probably need a licence.

No matter what your trade or business, introducing customers to sources of credit or hire—whether you get commission for it or not—usually makes you a "credit broker."

And in most cases, to act as a credit broker, you now need a licence.

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Already it's against the law to operate without a licence in most fields of credit or hire. Now the same will be true of credit brokers.

So if you think there is even the remotest chance that you need a licence, act immediately. Send for the latest edition of our free booklet "Do you need a Licence?"

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PARLIAMENT AND POLITICS

ACAS Bill to receive support of Ministers

By Richard Evans, Lobby Editor

THE PRIVATE members' Bill which seeks to prevent disputes over union recognition similar to the one at Grunwick is to receive all Government backing and a fair chance of reaching the Statute Book this session.

The Employment Protection Bill, sponsored by Mr. Edward Leitch, Labour MP for Warrington, will be opposed by Conservative MPs who are likely to vote against it. The Government's position is that the Bill is a necessary measure to support the Government's policy on industrial relations.

Mr. Harold Walker, Minister of State, Employment, will then sit a Bill's Standing Committee, order to ensure that its provisions meet the Government's wishes. The measure is top of the list for private members' Bills and will get priority through Parliament.

It is an attempt by Mr. Leitch, with the backing of PEX, the trade union involved in the dispute in which Mr. George Ward was able to sue a report by the Advisory, Conciliation and Arbitration Service declared invalid because ACAS had failed to consult all employees involved.

Under the Bill, it would be necessary for ACAS to secure the opinion of a firm's workers by doing all that was reasonably practicable.

But the Confederation of Employee Organisations which opposed the Bill, said that it was not satisfied with the Bill's provisions and would be seeking to amend it.

Mr. Paul Nicolson, general secretary of the confederation, said that the Bill was not a radical measure and would be ineffective in the long run.

He sought support from Mr. James Prior, shadow Employment Secretary, in fighting the Bill.

School meals verdict denied by Minister

A MINISTER denied in the Commons yesterday that the Government had made up its mind to increase school meals charges.

Miss Margaret Jackson, Education Under Secretary, said: "The proposal floated in the newspapers about a further increase for school meals was a purely speculative one based on the fact that it is known Government policy to reduce the subsidy. I can assure you no decision has been taken."

Mr. Barbara Castle (Lab., Blackburn) declared: "We would consider it an outrage if there were to be a further increase in school meal charges offsetting any improvements which might be made in the level of family support through child benefit."

The issue was raised by Mr. John Owen (Lab., Gravesend) who demanded an assurance that the Government would work towards the elimination of charges.

Miss Jackson told him she could not give that assurance as it was the intention to work towards reducing the subsidy.

Mr. Gwyneth Roberts (Lab., Cannock) feared the consequences of further increases in charges. The school welfare service, built up over two generations, could be destroyed.

Miss Jackson said there had been a "significant increase" in the number of children taking free meals. But she added: "We are not aware of any system which stigmatises children or singles them out."

Noise Bill wins first reading

A BILL AIMED at providing additional local authority assistance to people whose homes are affected by motorway noise was given a formal first reading in the Commons yesterday.

Its sponsor, Mr. John Hodgson (C., Walsall N) said that under the Bill, local inhabitants would be eligible for help with noise insulation when the level of noise rose above 65 decibels or the volume of traffic exceeded 61,500 in an 18-hour period.

He added: "Anything this House can do will only be second best because people do not want their houses turned into double glazed, sound-proofed, barricaded fortresses." But the Bill would do something to improve the lot of people who suffered from motorway noise.

Advice planned on discipline

MRS. SHIRLEY WILLIAMS, Education Secretary, said in the Commons yesterday that she hoped to publish advice on improving school discipline.

This would be based on a survey, recently carried out by schools inspectors, of schools with particularly successful records in dealing with truancy and discipline, she added.

It was not possible to divorce the question of discipline from the relationship between schools and parents. Where schools had good relationships with parents, it was much easier to adopt successful codes of discipline.

Mr. Norman St. John-Stevas, shadow Education Secretary, said discipline could not be divorced from moral and religious education in schools.

Callaghan resists Tory challenge on BSC loss

By Ivor Owen, Parliamentary Staff

MEASURED in terms of cost per tonne, the efficiency of the British Steel Corporation compares favourably with that of steel producers in a number of other countries, the Prime Minister insisted in the Commons yesterday.

But this claim was greeted with scornful laughter from Tory MPs, who called on him to take a closer personal interest in the performance of the steel industry in the light of Monday's disclosure that BSC is now estimated to be losing £10m a week.

Pressing the Prime Minister to reconsider his attitude to the industry, Mr. Ian Gow (C., Eastbourne) declared: "It is a scandal that the steel industry should be losing £50m a year and that the action which needs to be taken is being deferred because so many steel mills are in Labour marginal seats."

Mr. Callaghan responded to the Opposition benches that steel companies in France, Italy, Belgium and the U.S. were incurring substantial losses.

In a sharp rejoinder to dismiss the suggestion that Tory backbenchers, he stressed: "What is interesting and it should be put down to BSC's credit—is that, according to figures I have been given, the loss per tonne by BSC is lower than the loss per tonne in some of these other countries."

That seems to me to be important, because it does show that, in the midst of world depression, it is not inefficiency on the part of BSC which has led to these figures."

Rounding on Tory backbenchers as they continued to scoff, the Prime Minister challenged: "I would like to ask some of them what they are striving to do with the steel industry. Do they want to destroy it?"

Mr. Wya Roberts (C., Conway) contrasted the failure of Mr. Eric Varley, Industry Secretary, to give full information on BSC's financial performance to the Select Committee examining the steel industry with a speech made by the Prime Minister soon after taking office in which he spoke of "building the people."

Mr. Callaghan pointed out that Mr. Varley had already offered to appear before the Select Committee again so that it could have an opportunity to put further questions to him.

Mr. Ron Thomas (Lab., Bristol NW) urged that more attention should be paid to the massive sums provided for private industry by the Government. He estimated that they amounted to £11m per day. Without such money, the capitalist system in Britain would have collapsed long ago.

Mr. Callaghan commented that there was pretty general acceptance that a mixed economy demanded public support for private industry.

The Speaker, Mr. George Thomas, said he would rule to day on a complaint about his own photograph, which appeared in yesterday's issue of the Guardian with the caption: "Mr. Speaker Thomas, helping Mr. Varley."

Mr. Anthony Grant (C., Harrow Central) asked the Speaker to rule whether the matter should be put to the House to be referred to the Committee of Privileges as a possible contempt of the House.

Mr. Grant said: "It is quite wrong for the Press to imply you have fallen from your usual high standards by favouring one side or the other. No one who was present in the House yesterday or read Hansard could possibly take that view."

There were Labour shouts of "Freedom of the Press" as Mr. Grant made his complaint.

Mr. Thomas told MPs: "The House would be very disturbed if the Speaker was partial." He promised a ruling to-day.

EEC research effort criticised by Lords Select Committee

By David Fishlock, Science Editor

A HIGHLY critical report on the £70m research and development programme of the EEC is published to-day by the Lords Select Committee on the European Communities.

Research resources could be used with greater effect more selectively than they are now, says the committee. But attempts by the EEC Commission to improve the organisation and administration of the research effort had been largely unproductive.

The peers' report directs its attack chiefly at the politicians of the Council of Europe, rather than the Commission itself, arguing for a research administration, backed by strong political authority.

The Commission, it says, now recognises that it is best to concentrate on work which has a good chance of securing the politicians' approval, regardless of whether that approval derives from Community ideals or from expediency and national interest.

In 1974-75, Euratom and the EEC sponsored research to the value of about 150m units of account—about £70m—half of which was spent at the Joint Research Centre. The remainder was spent on Community programmes carried out at national research centres.

The £70m represents about 1.5 per cent of the combined budgets of the Nine allocated to research and development, outside defence. About two-thirds of the money was spent on energy research.

The report finds that the Commission employed greater success when it tried to co-ordinate research efforts and least success when it tried to "colonise" research programmes.

Of 13 scientific witnesses called before the Select Committee—among them Mr. Roy Gibson, Director of the European Space Agency, and Sir Brian Flowers, president of the European Science Foundation—only one expressed any enthusiasm for present Community thinking on research policy.

Some scientists of international eminence had left the impression that Community research and development was relatively unimportant to them.

The nearest to praise the committee was the opinion that staff were doing their best with resources spread too thinly across a wide range of topics.

The committee was not satisfied that the EEC Commission had enough qualified staff to research our role it had set itself.

Research and Development in the EEC—Select Committee on the European Communities, House of Lords session 1977-78, Sixth Report, House of Commons Paper 37, HMSO £2.50 net.

Big effort for jobs in service industries

By Ivor Owen

MORE EFFORT must be concentrated on providing job opportunities through the service industries, particularly in the realm of small businesses, the Prime Minister told the Commons yesterday when he again acknowledged the need to reduce the present high levels of unemployment.

He clashed with Mrs. Margaret Thatcher, Opposition leader, who maintained that Government policies had resulted in Britain having worse unemployment than was being experienced by her main industrial competitors.

While reserving the right to check the figures on which the Tory leader based her argument, Mr. Callaghan admitted: "Unemployment in this country is far too high, and far higher than I ever expected or wanted to see it."

The Government had taken a number of measures to improve the situation, including the introduction of the Temporary Employment Subsidy which, he understood, had safeguarded over 600,000 jobs during the period it had been in operation.

This was one of the reasons why Mr. Harold Lever, Chancellor of the Duchy of Lancaster, had been given special responsibility for small industries. He had been working with some success to encourage the growth of small firms, which could provide additional jobs.

Elaborating this point in reply from Mr. Tim Rathbone (C., Lewes), Mr. Callaghan indicated that the service industries were being considered by the Government.

The Prime Minister said: "I think we have got to turn more and more to this kind of field, because I don't believe manufacturing industry, as such, will be able to provide the jobs which are necessary if we are to return to the kind of unemployment levels I want to see."

Increase

Mr. Callaghan rejected a Tory suggestion that the Prime Minister should increase the number of people employed in the service industries.

Mr. Anthony Wedwood Benn, Energy Secretary, and in the process undermined the effectiveness of his Tory predecessors in the negotiations with the oil companies for drilling rights in the North Sea.

When Mrs. Thatcher returned to the attack, the Prime Minister pointed to the improvement in employment in manufacturing industry—a 1.6 per cent increase in the number of people employed in this sector compared with a year ago.

It was also encouraging that the total number of people employed showed a slight increase.

Replying to Mr. Max Madden (Lab., Sowerby), Mr. Callaghan agreed that there were frequent instances where rationalisation and investment in large-scale organisations led to a reduction in jobs.

"I think it is fair to say that the Labour Government has proved a much better custodian of the national interest in these matters than our predecessors, who were willing to give the oil revenues away to not only the British companies but also to multinational overseas companies," he claimed.

Mr. Eric Heffer (Lab., Waltham) attacked Conservative proposals for using virtually all the new oil wealth on wholesale tax reductions, particularly for the higher income groups, and called for an assurance that Government policies would be redirected to the regeneration of British industry and the development of public expenditure needed to "get our people back to work."

Reaffirming that Government policy on the use of the oil revenues would be made known in due course, Mr. Callaghan indicated that one option which should be accorded high priority was support for an energy replacement strategy to cover the period when oil ran out.

Pickets charged

POLICE HAVE charged 500 people, including 208 for obstructing the police, in connection with picketing at Grunwick since June 13, 1977, Home Office Under Secretary, Dr. Shirley Summerskill, said in a Commons written reply yesterday.

PM's tour cost

THE PRIME MINISTER'S visit to South Asia and Egypt cost £200,000, Mr. Callaghan said in a Commons written reply. He was accompanied by 21 staff and gave out presents including china, prints and books.

Thief Bill unopposed in Lords

Harris of Greenwich, Minister of State, Home Office, said that the Criminal Law Revision Committee had taken the view that the law on this kind of offence contained in the 1968 Theft Act needed to be replaced.

Lord Harris said the Bill would cover cases where someone pretended to be wealthier than he was and obtained services he was unable to pay for and the tenant who lied to avoid paying rent and concealed his plans to move to a new flat.

The man running away from a restaurant would also be covered. Under the law at present "in some cases, the man who ran out, could get off scot-free," said Lord Harris.

He added: "The Government considers it will deal effectively and comprehensively with an extremely complicated aspect of the criminal law."

All-union talks sought to solve Leyland problems

By Philip Bassett and Alan Pike

DISCUSSIONS among all unions with members in Leyland Cars to clarify attitudes to problems facing the company are being sought by the Amalgamated Union of Engineering Workers.

The AUEW executive decided yesterday to call for the meeting with other unions after hearing reports on Monday's talks between union representatives and Mr. Michael Edwards, chairman of British Leyland. After the talks, the engineers will decide whether there should be an approach to the Government.

An early date for the meeting is likely since, on the present timescale, Mr. Edwards intends to make a major statement on the future of Leyland Cars to management and union representatives in Birmingham on February 1.

Senior shop stewards on Leyland's cars council have decided to seek a meeting with the Prime Minister after talks with Mr. Edwards on Monday. Their request had not been received at Downing Street yesterday and there is no indication whether they will succeed in seeing Mr. Callaghan.

The AUEW will be anxious to maintain a common front among the Leyland unions since it believes that, if further trouble from toolmakers over pay parity is to be avoided, there must be no going back on proposals for company-wide bargaining accepted last year in a ballot of employees.

The 10-day-old unofficial strike of 1,000 body plant press shop workers, which has stopped Escort production at Ford's Halewood car plant, Merseyside, is to go on.

About 800 of the strikers at a meeting yesterday in Transport House, Liverpool, voted almost unanimously to accept their shop stewards' recommendation to continue the stoppage. Only about 20 of the strikers voted to go back to work.

In Merseyside's other major car dispute, hopes for a settlement after the third round of talks between union and management officials and representatives of the Advisory, Conciliation and Arbitration Service in the North Sea.

When Mrs. Thatcher returned to the attack, the Prime Minister pointed to the improvement in employment in manufacturing industry—a 1.6 per cent increase in the number of people employed in this sector compared with a year ago.

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He added: "The Government considers it will deal effectively and comprehensively with an extremely complicated aspect of the criminal law."

State Immunity Bill approved by peers

Britain got the worst of both worlds. The Bill would bring Britain into line with other States who were members of the European Convention on State Immunity.

Opposition spokesman Baroness Elles said the need for some form of legislation had been made evident by the increase in State activities.

It was fair and equitable but there should be some rules making agreements between foreign States and individuals the same as those between two individuals. The bill was sensible and pragmatic.

Lord Gardiner, a former Labour Lord Chancellor, criticised the fact that the Bill would only come into force after an order from the Lord Chancellor. It was another example of the transfer of power from Parliament to the executive.

Electricians urged to take industrial action

By Our Labour Staff

MORE THAN 40,000 workers in the electrical contracting industry have been urged by their union to take industrial action if necessary to force implementation of a pay deal which has been vetoed by the Department of Employment.

The call has been made in a directive from Mr. Frank Chapple, general secretary of the Electrical and Plumbing Trades Union, following Government officials' objection to the deal only a fortnight before it was due to be implemented.

Some parts of the country, plans for industrial action are already under consideration. In Bradford, textile electricians are to hold a general meeting next Tuesday to discuss action. Delegates from all throughout Yorkshire met yesterday in Leeds to talk about the issue in preparation for shop-floor discussions on industrial action later this week.

Some 2,400 contractors who are party to the deal have been threatened with sanctions if they implement the settlement in full and will clearly be faced with a dilemma if their employees take industrial action.

Mr. Chapple's directive says: "I am writing to confirm that the 1978 wages determination must apply from the first pay week in January."

"We have in this industry for many years honoured the agreements, sometimes in very difficult circumstances—we have not altered our position. You must, therefore, insist that your employer pays the rate of pay agreed."

Mr. Chapple adds that industrial action to force implementation is inevitable if employers stand firm and that such action will have to be coordinated and authorised through local officials.

Much of the pay agreement has been passed as within Government guidelines. But industrial approval by the Department of Employment was withdrawn because of an agreement to make flat rate payments in lieu of bonuses where incentive schemes could not be introduced.

Pay negotiations for 27,000 engineering and technical staff in the electricity supply industry will start on January 27, National Joint Board for the industry decided yesterday.

Hoover faces shutdown at Merthyr

By Robin Reeves, Welsh Correspondent

A HALT to production and layoffs are threatened at Hoover's domestic appliance factory at Merthyr Tydfil, South Wales, as a result of a strike by delivery drivers.

Following a break-down in negotiations in London between Hoover and the drivers' union, the TGWU, over a new pay agreement, picket lines have prevented all supplies from entering or leaving the factory, the main U.K. production centre for Hoover washing machines and other laundry appliances.

Assembly lines are expected to start running out of work shortly. The dispute arose from the rejection of an offer of a 10 per cent pay rise conditional on the surrender of a guaranteed 30-hour working week agreement. The union contends that the offer would mean a real increase for the drivers of only 2 per cent.

Stevedores to disrupt shifts

MEMBERS of the National Amalgamated Stevedores and Dockers Union in London's enclosed docks are expected to begin disrupting the docks' shift system to-day in protest at a pay offer within Government guidelines already accepted by Transport Union dockers.

The shift system, worked for the past seven years, is based on two shifts between 7 am and 6 pm. Union officials have recommended that the men revert to a national agreement of one shift from 8 am to 5 pm. The stevedores' union has been seeking rises of about 25 per cent on basic pay, together with better fringe benefits.

AUEW backs council fight on public sector curbs

By Alan Pike, Labour Correspondent

THE EXECUTIVE of the Amalgamated Union of Engineering Workers yesterday agreed to support a campaign by the Labour-controlled South Yorkshire County Council against application of the pay guidelines in the public sector.

The council is seeking nationwide support for an attempt to persuade the Government to give local authorities more freedom in handling wage negotiations.

It is concerned about the "inflexible" nature of the Government's pay guidelines, which it believes is impairing confidence in local authority negotiating procedures and aggravating problems over differentials.

The council is looking to other local authorities and trade unions at both national and local level for support for its initiative. Mr. Hugh Scanlon, AUEW president, said yesterday that his executive would ask the TUC to raise the issue with the Government and would also take it up with AUEW-sponsored MPs.

South Yorkshire's decision was taken, to a large extent, as a result of the firemen's strike and yesterday the AUEW agreed to give £500 to the Fire Brigades Union to help relieve hardship caused by the dispute.

The formal end to the firemen's dispute came yesterday, at a meeting lasting only seven minutes, when FBU leaders and local authority employers' representatives signed the new agreement giving the men 10 per cent increases now and equality of earnings with skilled manual workers by November, 1978.

Figures for military firefighting activities during the dispute were issued by the Ministry of Defence yesterday. A total of 30,750 service personnel attended 35,000 incidents in England and Wales, 5,700 in Scotland and about 500 in Northern Ireland. Most fire stations were operating normally yesterday, but local problems arising out of the strike continued in some areas.

Airline men accept 15% pay deal

By Nick Garnett, Labour Staff

A LARGE part of British Airways 35,000 staff whose pay settlement was due at the beginning of this month have accepted a deal which the airline says is within Government guidelines.

A mass meeting of the 11,000 engineering maintenance men, whose strike last year over shift payments disrupted the airline, agreed to accept the offer which is basically a 15 per cent deal including 5 per cent for productivity.

Clerical, administrative and senior staff, ramp workers and flight engineers officers have also accepted. Union officials representing air cabin crews have agreed to the deal although their decision has still to be ratified.

Talks with technical engineers, ground service staff and some supervisors and technical workers are continuing and the airline is confident it will reach agreement soon.

New shift pay allowances ranging up to £23 a week, which were negotiated during and after the engineers' strike, are included within the overall 15 per cent.

The airline, which has been seeking increased flexibility in working arrangements says the productivity payments will be made from the end of March "if improved productivity is forthcoming."

Bus shelters

LONDON TRANSPORT plans to substantially increase the number of bus stop shelters. Nearly 800 will be put up this year at a cost of £500,000 and another 4,000 by the end of 1982.

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By Our Labour Staff

MORE THAN 40,000 workers in the electrical contracting industry have been urged by their union to take industrial action if necessary to force implementation of a pay deal which has been vetoed by the Department of Employment.

The call has been made in a directive from Mr. Frank Chapple, general secretary of the Electrical and Plumbing Trades Union, following Government officials' objection to the deal only a fortnight before it was due to be implemented.

Some parts of the country, plans for industrial action are already under consideration. In Bradford, textile electricians are to hold a general meeting next Tuesday to discuss action. Delegates from all throughout Yorkshire met yesterday in Leeds to talk about the issue in preparation for shop-floor discussions on industrial action later this week.

Some 2,400 contractors who are party to the deal have been threatened with sanctions if they implement the settlement in full and will clearly be faced with a dilemma if their employees take industrial action.

Mr. Chapple's directive says: "I am writing to confirm that the 1978 wages determination must apply from the first pay week in January."

"We have in this industry for many years honoured the agreements, sometimes in very difficult circumstances—we have not altered our position. You must, therefore, insist that your employer pays the rate of pay agreed."

Mr. Chapple adds that industrial action to force implementation is inevitable if employers stand firm and that such action will have to be coordinated and authorised through local officials.

Much of the pay agreement has been passed as within Government guidelines. But industrial approval by the Department of Employment was withdrawn because of an agreement to make flat rate payments in lieu of bonuses where incentive schemes could not be introduced.

Pay negotiations for 27,000 engineering and technical staff in the electricity supply industry will start on January 27, National Joint Board for the industry decided yesterday.

Hoover faces shutdown at Merthyr

By Robin Reeves, Welsh Correspondent

A HALT to production and layoffs are threatened at Hoover's domestic appliance factory at Merthyr Tydfil, South Wales, as a result of a strike by delivery drivers.

Following a break-down in negotiations in London between Hoover and the drivers' union, the TGWU, over a new pay agreement, picket lines have prevented all supplies from entering or leaving the factory, the main U.K. production centre for Hoover washing machines and other laundry appliances.

Assembly lines are expected to start running out of work shortly. The dispute

The Management Page

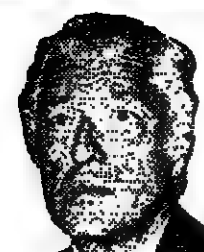
EDITED BY CHRISTOPHER LORENZ

LYS TOP two businessmen, Giovanni Agnelli in private industry and Professor Giuseppe Petrilli in the public sector, are both deeply committed "Europeans." But the rations of their respective glomerates often betray a notional between their open ideals and their commercial ends.

Ag. Agnelli, just nominated the Italian weekly magazine "Mondo" as one of the city's three most powerful (alongside the Communist Secretary Sig. Enrico Ingner and the Christian Democrat Chairman Sig. Aldo), is the charismatic 56-old head of Fiat—Italy's first private concern, employing more than 300,000 people. In the past 18 years—since stepped down as EEC Commissioner for Social Affairs—Professor Petrilli, 64, has led the giant state holding, IRI, to per la Ricostruzione, a series of groups to merge 150 companies, four commercial banks, the small airline Alitalia, and the broadcasting network. One of the models for Britain's



Professor Petrilli



Sig. Agnelli

Dichotomies—Italian style

National Enterprise Board, it employs nearly half a million people. As such, he is one of Europe's leading state managers, if not the leader.

Irrespective of personal commitment to the European ideal, Sig. Agnelli has compelling commercial and financial reasons to support community integration, whereas Professor Petrilli appears to have essentially none. Unlike Fiat, which over the past decade has assumed a distinctly international image, IRI operates on a narrower domestic dimension. But this restrictive context has paradoxically given Professor Petrilli a profound insight into some of the key issues of European

integration such as regional policy.

Sig. Agnelli does not hide the fact that his commitment to Europe is commercial and financial. Indeed, he turns it into a virtue. He talks about the failure to unify Europe politically as "one of the leading factors in present-day economic disorder" and says of his company that "Europe's political sluggishness will prove to be a serious handicap to our growth plans and to our ability to defend the employment and productivity levels achieved as a result of Community regulations."

From the beginning, Fiat saw in the community a reduction in

tariff barriers and the subsequent weight of European competition which would inevitably entail a reduction of its own sizeable share of the domestic market. Ten years ago, Fiat controlled 75 per cent. or so of the Italian car market. Its share had dropped to about 58 per cent. by last year—when exports, primarily to Community member countries like West Germany, France and the U.K., represented nearly 50 per cent. of the group's overall car sales of more than 1.3m.

Fiat these days openly refers to Europe as a "domestic market." In the face of increased Community competition, its policy has been to diversify both

its markets and its industrial activities in order to spread its risks.

To consolidate his presence in the Community market, Sig. Agnelli has turned his formidable public relations machinery towards Europe. Some months ago, he set up a Paris-based "Fiat delegation for Europe," aimed at promoting the group's interests in the Community. Last month, he established another PR body in Turin to deal specifically with Community problems and international organisations.

Sig. Agnelli could further increase his voice in the Community forum by standing as a candidate in the first elections

to the European Parliament. While Fiat has so far not been reached between the various Italian political parties on the precise constituency formula for Italy in the delayed European elections, the small and influential Republican (conservative) Party is expected to get at least one seat. Should he want it, that seat is possibly Sig. Agnelli's for the asking. His sister, Susanna, is herself a Republican member of parliament, although his younger brother and Fiat vice-chairman, Umberto Agnelli, is a Senator of the long ruling Christian Democrat party, thus giving a more mundane political touch to the Fiat group—but also, per-

haps, some political leverage. In contrast, Sig. Petrilli has none of Sig. Agnelli's business motivations. His huge state group was originally set up in the Thirties to return credibility to the Italian banking system and to put back on their feet a myriad of ailing industries. IRI became the main instrument for the country's industrial revolution, but in so doing it never lost its original function of a giant state salvage company. Only recently, it has had to absorb the heavily loss-making and economically obsolete subsidiaries of EGAM, the controversial state minerals agency which was dismantled last year.

But as chairman of IRI over the past 18 years Sig. Petrilli has gained an expertise, among numerous other areas, of regional affairs. IRI has always been looked upon by successive Italian governments as having a key role to play in the Mezzogiorno, the country's depressed south with an unemployment rate of more than 15 per cent. and a region for which Italy has repeatedly asked for Community development aid.

intensive industrial investments in the south of Italy has been one of the major factors behind the dire financial difficulties now faced by IRI, with some £10bn. of accumulated debts against an annual turnover of about £3bn. This political pressure helped create the policy of Italy's notorious "cathedrals in the desert"—vast capital-intensive industrial projects like the Alfa Sud car plant near Naples or integrated steel complexes in areas devoid of proper infrastructure. Alfa Sud, in-day represents one of IRI's heaviest loss-making operations. The Bagnoli steel plant, also in the Naples area, is another. But for all IRI's resistance to the Commercial folly of this policy, at the end of the day the politicians' will rules.

Perhaps more than anyone else in European business, Professor Petrilli knows what the regional problems of the community entail, and how important European policies are for industry. As a confirmed European and Italian chairman of the European movement, he intends to leave IRI this year to stand for the European Parliament on the Christian Democrat ticket.

Paul Betts

computer bureau's success provides lessons for smaller companies

Computing a market share

DREAM of every entrepreneur is to find the sort of business which customers will increasingly hook on to, a product so that a steadily increasing income is therefore a certainty. In 1973, Brian Johnson, a 35-year-old former computer programmer and analyst, just such an opportunity somewhat specialised corner of the computer bureau business. His success in building a service for stockbrokers—which has become payable to many firms—provide interesting lessons for many small companies. Johnson's agency, NMW, ideas a complete range of services for stockbrokers: clients are connected to Office lines to a central router which keeps their files and does most of the work connected with financial accounting and settlement.

It was in 1972, when a fully electronic system was brought in, that NMW was formed. But the bottom fell out of its business only a year later following the merger of the provincial and London Stock Exchanges. The London Stock Exchange transferred all transactional business from the North to its newly-developed

automated system, now called Talisman, but declined to buy the assets of NMW. "It became clear that we had lost our main business," Mr. Johnson says. "We obviously were not going to have a large part of the settlement system."

NMW faced insolvency, because of lack of business. At such a time, many people would have given up. But Mr. Johnson saw a glimmer of light. He realised that stockbrokers would still need the help of a computer for their accounting, processing of portfolios and storage of stock market data. Yet most firms, particularly out of London, were too small to buy their own machine.

He therefore redesigned the NMW system to deal with stockbrokers' office work, instead of their market transactions. At the same time he made his system compatible with the Talisman system used by the London Stock Exchange, so that the two sets of computers could "talk to each other."

market in which NMW had experience. He says it is NMW's knowledge of the detailed procedures in stockbrokers' offices which has contributed in a large measure to its success.

His second key decision was to put all his initial energy into establishing efficient communications between the central computer and customers throughout the country. The communications link was controlled by two Ferranti microcomputers, which Ferranti helped to program.

Thirdly, he was determined to be self-financing, which meant operating with a very small staff of about 40 people in the early days. To avoid heavy debt charges or rental payments, he preferred to hang on to relatively old equipment until he could buy new machines.

Each client is equipped with a Ferranti microcomputer and printer, and a visual display unit which is connected by telephone line to the central computer in Manchester, where all the central files are kept in coded electronic form. Brokers pay a flat rate of £1 per share transaction for use of the service. For this they get a range of extra services like access to information from the computer's data bank.



Brian Johnson, managing director of NMW

The success of the operation stored in NMW's computer will can be judged from the fact that when NMW started, it was handling only about 8 per cent. of the Total Stock Exchange work. Last year this was 23 per cent. and this year it is expected to increase to 27 per cent. So far there have been no major technical problems, in contrast to the Talisman system, which has had considerable teething troubles.

Mr. Johnson believes that as long as he continues to give an efficient service, his customer base can only grow. The danger that his customers might be enticed away by competitors is mitigated by the thought that people who have their files

Management game

ROUGHLY 5,000 British managers are to-day awaiting the computer's first move in the 1978 National Management Game. This year's players, the majority of them sponsored by company training departments, face increased competition in their quest for the £1,000 first prize and the United Kingdom championship title, to be decided in London on July 25.

The entry has risen to 928 teams, compared with 898 last year when the contest was won for the second time in succession by Rank Xerox.

The computer program which sets the "economic" and other conditions in which the teams have to run their fictitious consumer-durable companies, has been changed so as to present the players with increased uncertainty about their cash-flow positions.

Before this change, the NMG teams were already challenged by a complexity of decisions—what prices to set for their product in the various home and overseas markets, how much to invest in running and expanding their factories, how much effort to put into marketing, transport, and research and development, and so on. But they could at least rely on a steady cash return on the goods they managed to sell and deliver.

Now, however, the teams are being required to sell on credit to a certain proportion of their customers. What this proportion will be depends on the NMG administrators at the game's London headquarters.

Michael Dixon

Town Centre
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BUSINESS PROBLEM BY OUR LEGAL STAFF

Planning an extension

I am dealing with an application for a small industrial extension which falls within the "permitted development" tolerance of 1-10th under the T. and C. P. General Development Order. This is a first floor extension at the rear of a factory which will be seen but hardly noticeable.

I do not wish to make a planning application but have been reminded by the Planning Department of the proviso "so long as the external appearance of the premises is not materially affected." and I do not consider it will be. Is there any guidance on the legal significance of the word "material"?

There is no simple guide to what amounts to "material" in the

context of permitted development under the General Development Order. Of the numerous meanings given in the Oxford English Dictionary, "serious" or "substantial" are probably the nearest guide—but these are only a guide. If it is correct that the extension will be hardly noticeable, your contention should prevail; but if the word "hardly" is omitted, the matter remains an open question. If you are tolerably sure that the extension will be hardly noticeable you can proceed with the planning authority with the dilemma whether or not to serve an enforcement notice.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Accountancy

THE DIAGRAM accompanying Graham Stacy's article last Wednesday was made confusing by the misplacement of the faint line joining the two columns.

This should have been level with the top of "Debtors and Cash." The letter B which appeared to be bracketed against "Debt" should, of course, have covered by the misplacement of the current liabilities over debtors and cash.

Viewdata Conferences

Birmingham, February 14
Zurich, March 2

Two public conferences on Viewdata and its implications for business.

Viewdata is a service created by the British Post Office. It links the ordinary telephone in the office or home to a TV receiver, to provide a revolutionary new medium for selling services and providing information to the public. The information is sent by computer over the telephone line and displayed on the TV screen.

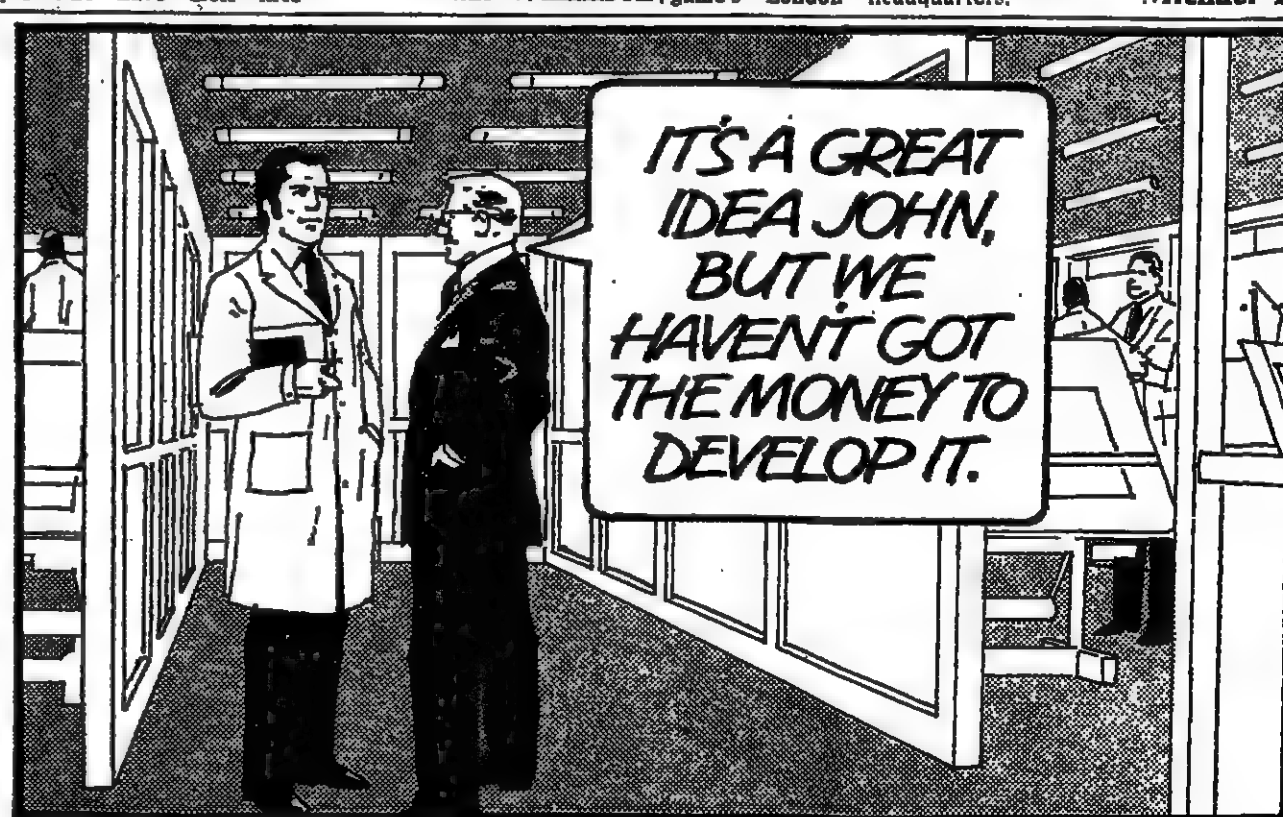
Already the Deutsche Bundespost has bought the rights to use Viewdata (Bildschirmtext). Viewdata may become a European—or world—standard for public information services.

No business can afford to ignore Viewdata, probably the most important development in public communications since TV itself.

The conferences will be addressed by the Post Office top management team responsible for Viewdata, by information providers and by suppliers of Viewdata receivers. The speakers will use Viewdata to illustrate their talks.

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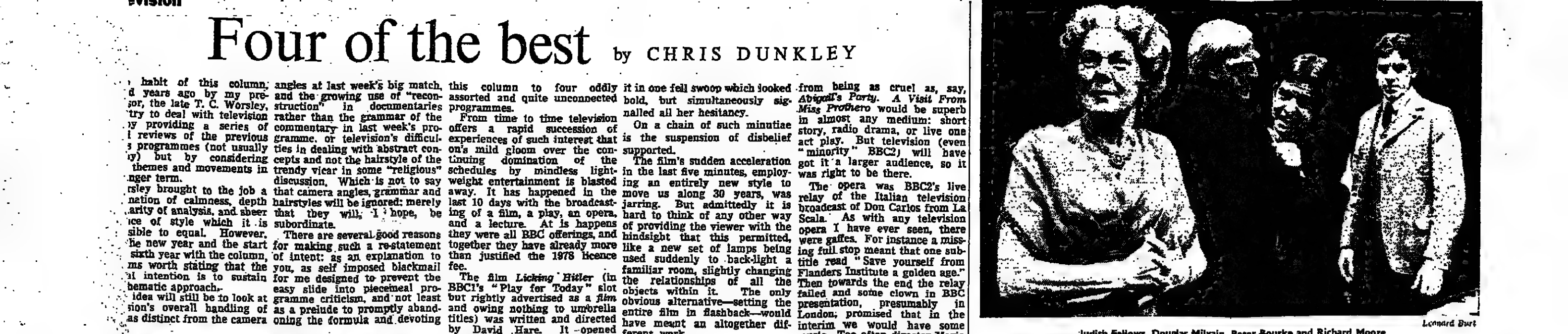
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Judith Fehlow, Douglas Milvain, Peter Bourke and Richard Moore

An Inspector Calls by B. A. YOUNG

Edwardian strains of Elgar greet us as we go in; then suddenly the stage lights blaze on to show the dining-room of the Birling's house in Brumley, a gleaming island of silver and mahogany in which Bernard Cusshaw has encapsulated the very soul of the prosperous Yorkshireman's prosperous home.

We All Fall Up by MICHAEL COVENEY

When in doubt, the fraying fringe always falls back on a tale of innocence abroad in search of a father figure, the truth or a girl in diaphanous white cotton. This particularly dire specimen of uninspired rubbish (by Robin Whiteman) manages to fit the bill on all three counts, and confirms the recent suspicion that whoever runs the main house at Chalk Farm cares not two hoots about what appears in the back room.



Kate Neilligan in the Play for Today, 'Licking Hitler' (BBC 1)

Trovatore and Tancredi by WILLIAM WEAVER

The operatic traveller in December is always the exciting—and exhausting—A few of the country's houses open their doors in Turin and Genoa, to be sure, but the majority of the estates arrange for their inaugurations to coincide with the Christmas season. So, after the Don Carlos at La Scala came a festive one at the Teatro Comunale in Florence. And the two were linked by more than a calendar: both, in fact, played by Luca Ronconi.

though his voice lacks nuance and is not particularly interesting. The Ferrando of Agostino Ferrin deserves special praise. His warlike costumes sparkled in the dark, and he was usually brought to the opening scene, he established just the right tone of mysterious nightmare, which is the key to the whole work.



Florence Cossetto and Carlo Cossetto

For this performance Muti studied the original score. This, Leonora's usually cut. The vedral the amore in terra was heard also. Mariyona Horne, in the role, strode fiercely and struck noble attitudes, while Margherita Rinaldi (Amenaide) of the opera.

The sets, framed within a mock-theatre, were simple, varied and charming. Sanjust also moved his singers with great success at the Apu- nian festival of Martina Franca. Last autumn it was heard in Houston, and a concert performance in New York has just been given. And the Rome revival was also warmly received, in a production that could quite easily travel to other theatres.

Cambridge Theatre Company 1978

Following the successful run of its production of The Gingerbread Man at the Old Vic, The Cambridge Theatre Company will premiere a new comedy by Royce Ryton, The Unearthed Truth at Darlington on January 31. Tim Brooke-Taylor and Graeme Garden, of Goodies fame, will appear in the cast which also includes Gabrielle Hamilton, Jo Kendall, Morar Kennedy, Gwyneth Owen, Ivor Roberts and the author himself. Jonathan Lynn will direct The Unearthed Truth which will tour Cambridge (February 6-18), Aberystwyth (February 20), Brighton (February 27) and Groydon (March 6).

ENTERTAINMENT GUIDE

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Wednesday January 18 1978

Future power supply

THE GOVERNMENT'S long-delayed decision about the type of reactors to be used in the next stage of the nuclear power programme is now expected to be made within a matter of weeks. It was to have been made before Christmas, but the Cabinet, understandably uneasy about the importance of the issues at stake and the partisan attitude of the Energy Secretary, Mr. Anthony Wedgwood Benn, instructed the latter to hold more discussions with the interested parties before reporting back. In the course of these discussions, Mr. Benn appears to have shifted his ground to some extent. The question which remains unanswered is whether this is a genuine change or an apparent one, intended only to make his original proposals acceptable to sceptical colleagues.

The technical considerations involved in a choice of reactor system are complex enough in themselves. In practice, they tend to be at least equalled in importance by political considerations—environmentalism and nationalism, for example. It needs to be stated clearly, therefore, that the fundamental problem is that of ensuring that the large amount of nuclear capacity to be installed over the next 20 years produces the power it is designed to produce.

Alternatives

The home-designed AGRs (advanced gas-cooled reactors) which are at present either operating or being constructed in this country are neither as bad as their critics nor as good as their champions contend. They are intrinsically safe and two of them have been in operation—at least for short periods—quite satisfactorily. But there have been serious delays in construction and it is far from certain that they can be relied on to operate continuously at their full rated output for their theoretical life. If they fall short of what is promised, the cost of providing the necessary power from conventional sources will be high. There is therefore a large measure of agreement in the industry that experience should be gained in the operation of an alternative reactor type. The home-designed "steamer,"

Design only

Mr. Benn has argued that the spreading of research effort between two different types will hold up work on the fast breeder reactor of the future. But it has been pointed out to him that Westinghouse and Rolls-Royce are ready to contribute their expertise and that a diverse programme is more likely to attract back those scientists who have drifted off into other industries. He now seems to have accepted the suggestion of the Generating Board, that a couple of AGRs should be ordered very soon to provide work for the industry and that the various U.K. interests concerned should get together on the design of a PWR suited to U.K. conditions, with the aim of placing an order not before 1982.

Some progress in Rhodesia

DR. DAVID OWEN is awaiting word from Rhodesia's Patriotic Front on whether it is now willing to hold talks with him and Lord Carver on the Anglo-American settlement proposals.

If an agreement were reached in Salisbury that did observe the spirit of the Anglo-American plan, Britain would face an awkward dilemma. If it withheld support, it could lay itself open to charges of abandoning what might be the last chance for a negotiated solution, and of backing the Communist-backed guerrillas of the Patriotic Front. This could create difficulties at home, both with the Conservative Party and with broad sections of public opinion. Yet it has to be acknowledged that it is the guerrilla war, pursued by the Patriotic Front, that has in large measure brought Mr. Smith to the negotiating table. Premature British support for an internal settlement would surely be condemned by the front-line states that support the Patriotic Front and by the Organisation of African Unity, and could present grave difficulties with the Third World bloc at the UN. Moreover it could reduce the pressure on Mr. Smith.

Initiative

Furthermore, whatever the outcome of a meeting with the Patriotic Front, the other central parties to the Rhodesia dispute, Mr. Smith and the internally-based nationalist organisations, are pursuing their own "internal" settlement talks. Until these end in success or failure, Britain will have very little room for manoeuvre. The political initiative remains in Salisbury.

Over the past few weeks, the Salisbury talks have made no doubt progress, and the signs are that all the parties involved are keen for a solution. Mr. Smith faces a deteriorating economy and a guerrilla war that is creeping ever closer to the capital. The nationalists know they will become redundant if independence comes through the barrel of the Patriotic Front's gun.

The two sides have already agreed on the number of white seats in a Zimbabwe parliament and that these would constitute a blocking mechanism, although it remains to be decided how these seats should be elected and how long this blocking mechanism should last. The negotiations still have a long way to go and it is impossible to predict with any confidence the shape of a final package that might emerge. But while it is clear that any agreement would depart from the letter of the Anglo-American proposals, it is quite possible that an internal settlement would come within the essential spirit of

THE GOVERNMENT is in the process of trying to devise some means of celebrating the second birthday of one of its major policies on which it may base a considerable part of its next general election campaign. The problem that Ministers are grappling with, however, is that they are not united about what this policy is, while very few people in the rest of the country believe that it even exists.

Nevertheless, on February 1, senior Ministers, including the Chancellor of the Exchequer, will meet with top industrialists and union leaders to celebrate the birthday and plan the future. The cause of all this trouble is, of course, the Government's "industrial strategy." It was born two years ago of a Government which had no overall industrial strategy, which felt convinced that it needed to reorientate its overall policy-making and expenditure priorities towards industry and that, to make this effective, years of arms-length relationships between the Government and industry should come to an end.

Now, Ministers are having to face up to the fact that, while there may have been some considerable success in reorientating policies and drawing Government Departments and industrialists closer together, nothing has happened that smacks of a strategy. The title is a misnomer and even its most devoted supporters (who hope it will survive any change of Government) can do no more than claim that what is emerging is a whole series of little industrial strategies for individual parts of industry. These "little strategies" are based on the reports of nearly 40 sector working parties which operate under the umbrella of the NEDC and consist of officials of Government Departments, industrialists and trade union officials.

Ministers are wondering whether, in order to reinvigorate the working parties and to try to give the strategy some national basis, they ought to top it off with some macro-economic thinking. The problem so far is that there have been no specific economic and industrial objectives to which the work of the sector working parties and Government agencies can be related.

Aimed at improving over the next two or three years the international competitiveness of manufacturing industry—and of the engineering sectors in particular—the 40 odd sector working parties intentionally exclude large-scale problems areas of British industry such as cars and shipbuilding, while steel is only loosely involved.

This raises the question of whether the industrial strategy is merely the title for the work done in the 40 chosen sectors or embraces the whole gamut

of Government-industry relationships. It seems easiest to regard it in its wider context, with the sector working parties being the vehicles for change in specific areas. But even within this definition, the strategy still lacks conviction because it does not involve a choice between winners to be backed and losers to be abandoned. This winners-and-losers argument has been a sensitive political subject for some time and is now being raised again in the current NEDC discussions.

Equally, individual companies and unions, worried about losing their traditional freedom of action, often show little enthusiasm for trying to take impact, from the sector working parties into individual companies and industries, on rationalising production arrangements, or removing what used to be called "constraints to growth," and on bringing different parts of an industry together both with each other and with their customers.

The "upward" part is aimed at changing the traditional arms-length relationship between Government and industry so that policies of all types and sizes adopted by Ministers fit in as much as possible with what is good for industry. This might seem a natural and obvious objective which does not need any special "industrial



BY JOHN ELLIOTT, INDUSTRIAL EDITOR

66 Elements of an industrial strategy... must involve:

- The better co-ordination of policies affecting the efficiency of industry. This will require us to identify the industrial implications of the whole range of government policies.
- The more effective use of the instruments of industrial policy and the deployment of financial assistance to industry.
- Ensuring that industry... is able to earn sufficient profits... to spur managements to expand and innovate and to provide them with the internal finance on which to base investment.
- A more effective manpower policy, including measures to provide a better supply of skilled manpower for growth industries....
- The improvements in planning, both in industry and by Government, which will flow from systematic and continuing tripartite discussions of the likely prospects of individual industries, allied to greater disclosure of information at company level.

From a document discussed at Chequers in November, 1975

strategy" title; but both civil servants and industrialists insist that it has not existed in the past and that the industrial strategy has given it new momentum. As a result, Government policies have been co-ordinated, areas of industry needing special aid schemes have been identified, and there has been a growing mutual understanding.

One regular event started during the past few months has been the presentation at monthly NEDC meetings of policy programmes by Ministers not normally included in discussions on economic and industrial policy. For example, the NEDC members were impressed by a survey of the educational and training needs of industry presented by Mrs. Shirley Williams, were pleasantly surprised by the interest shown by the Ministry of Defence in trying to boost U.K. industry with its purchasing, but were unimpressed by a bland assertion from Mr. David Ennals, Department of Health and Social Security that the "human capital" of industry should be "strong and healthy" because "the success of the strategy must depend in part on

Enterprise Board and the Manpower Services Commission also are required to take account of the industrial strategy with, for example, the NES taking some note of the views of sector working parties about the needs and prospects of industry when planning its investments. Furthermore, some of the selective industrial aid schemes introduced during the past year or so have been designed as a result of information about industry's needs emerging from the working parties. The product and process development scheme is one example of this. But the limitations of the co-ordination between agencies of the strategy are illustrated by the fact that, for reasons of commercial secrecy and competition, the working parties have no influence on how the aid schemes and other Government financial assistance to industry are allocated to individual companies' projects.

Other Government policies have been affected on matters such as Export Credits Guarantee Department arrangements, a Department of Trade aid scheme for firms trying to set up export businesses abroad, stability in the tax system and investment incentives, financial

for improving their competitiveness and so heading off imports when the economy improves. There have, however, been a few failures, and the membership and chairman of some working parties may be changed. The worst failure is the working party covering the drop-forging industry, a sector of the engineering industry in which GRN plays a significant role, which has failed to agree on its problems and prospects. It is likely to be reconstituted rather than abolished because the Government wants it as a link with a £5m. aid scheme for smaller drop-forging companies which it launched late last year.

Of the few sector working parties which have done much about reforming their own industries, one or two, including industrial trucks (where several mergers have taken place), are discussing rationalisation. Others such as textiles have set up conferences for their sector working parties' ideas to be discussed in individual companies with all levels of management and other employees. Some parts of the chemical industry have also agreed future plans although industrialists' determination not to become embroiled in the Government's

image.

The lack of any significant "downwards" impact of the strategy into individual companies, together with the absence so far of any overall national targets, underlines the problems that Ministers face in trying to give their probably misnamed industrial strategy a lasting and respected public image.

MEN AND MATTERS

Try licking—not smoking

Some time before publication of the last Royal College of Surgeons report on smoking two years ago Action on Smoking and Health (ASH), the leading anti-smoking lobby, wrote formally to the Post Office suggesting a set of anti-smoking stamps to commemorate the occasion. In the words of ASH director Mike Daube they received the PO's standard brush-off letter thanking them for their suggestion which, the PO promised, would be considered alongside all the other bright ideas sent in by the public.

Now the idea has been taken up again by a philatelist member of the Cardiff branch who points out that this would be something of a breakthrough in stamps as propaganda, although it seems that Monaco, the U.S. and the United Nations have already issued stamps bearing warnings of the dangers of drug addiction.

ASH, according to Daube, is constantly receiving bright suggestions from its enthusiastic membership which, he cheerfully admitted, contains more cranks per square inch than most other pressure groups. Sometimes their enthusiasm proves embarrassing—as in the case of the imperious lady supporter who went up to a smoker on a bus, pulled the offending cigarette from his lips, ground it under her heel and hissed "I'm from ASH" to the bewildered recipient of her attention.

In spite, or because, of such occasional displays of over-enthusiasm—and thanks to the tax policies of succeeding Chancellors—cigarette smoking in particular has been on a downward slope for the last five years. Up to now, however, it is what advertisers call social groups one and two who have kicked the habit most. I don't know what effect stop-

smoking stamps would have on the casual scribbler—but they'd probably do wonders for the postmen.

Think big

Manx postman Cyril Simpson's campaign to make intelligence tests compulsory for members of the Island's parliament struck a responsive chord in the mind of David Lally, who keeps an eye on intelligence matters in Ireland and the Isle of Man for Mensa, the association of super-brains.

Having read about Simpson's plans in yesterday's column he now intends writing a letter to the clerk of Tyrwald, offering to test the intelligence not only of the 24 members of the House of Keys but also the 12 members of the Manx Legislative Council which together make up the Tyrwald or Parliament.

If Mensa's offer is accepted Lally intends to make the same offer to investigate the intelligence of members of the British Parliament. Honourable members, you have been warned.

Hearts and cash

Are British companies now suffering increasing pangs of conscience about their operations in those parts of the world where respect for human rights, as monitored by Amnesty International and other bodies, leaves much to be desired? And are these pangs being assuaged by increased willingness to donate sums to Amnesty?

These questions were provoked by the chairman of the British Section of Amnesty, the Reverend Paul Oestreicher, who recently received a substantial donation from just such a company.



change in attitudes by businessmen over the last year or so. He felt this was partly due to the fact that publication of the "Prisoners of Conscience in the USSR" report published in 1975 had toned down earlier criticism that Amnesty's investigations were too one-sided and limited basically to those countries where the press and general atmosphere was still free enough to allow the violations of human rights to be registered.

I asked Simpson whether Amnesty placed any restrictions on company donations, but he hastened to assure me that they took money from anybody provided no strings were attached, although anything over 4 per cent of their total income was subject to approval by the international executive committee. A purely academic point, he added, so far nobody has come anywhere near offering that sort of money.

Twinkle toes

An anonymous reader in the Irish Republic recently sent us

the following note: Q. Do you know why Irish jokes are so stupid? A. So that they may be understood by readers of "Men and Matters" in Britain.

The following joke is dedicated to you all.

On returning from a hard stint in the North Sea, Red Adair, the famous American firefighter, decided to slip away to Camden Town for a drink in a pub where he would not be recognised. In the same pub were three Irishmen and one turned to his friend and said, "Hey, Paddy, that's Red Adair there at the bar."

"Not true," said Seamus, "he wouldn't come in here." "I'll bet you £5 it is," said Paddy and both handed their stakes to the third who was told to go and ask the man at the bar his identity.

"I'm sorry to interrupt you," said the third, "but my friends have an argument over whether you are Red Adair and there is a £5 bet on it," he said. "That's right," said the great man, "I am Red Adair."

"So, would you mind coming over and telling them, because, to be sure, they won't believe me," said the third.

"And by the way," he added on the way over, "I hope you won't mind me asking a personal question, but whatever happened to Ginger Rogers?"

Paradise

From an advertisement for the Elbow Beach Hotel, Bermuda: "ELBOW BEACH is for SUN people, moon people... BEACH people, pool people... THIN people, plump people... PARTY people, sporty people... ACTIVE people, sleepy people... BIG people, little people... MALE people, female people." Hence the name.



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Observer

[illegible]

Wigfall's cold rejection Comet approach

A big battle looks in prospect as Comet approaches Wigfall's cold rejection. The chairman said in an accompanying statement that the difficult trading conditions experienced in the previous financial year had continued and that increased costs and pressure on profit margins had resulted in the loss. However, he also told shareholders that the company had resumed profitability and that profits in the second half would be sufficient to erase the first half deficit and produce a profit for the whole year.

Comet, which has 125 outlets, has earned the reputation of being mainly a discount operation, as opposed to Wigfall which is seen as a rather more conventional retailer with traditional lines of finance for customers. Mr. M. J. Worthington, Comet's chairman, said yesterday that he felt his organisation could make more profit out of Wigfall's 200 shops. He added that in addition to the extra income, the company would benefit from savings on advertising. It would also take Comet into a "mature retail environment," he added.

The next event will be the posting of the formal offer document to Wigfall shareholders by Kleinwort Benson, Comet's advisers. It will then be up to Wigfall to prepare its defence.

ALBRIGHT & WILSON
Bush Blake Allen, a subsidiary of Albright and Wilson, has acquired a 100 per cent shareholding in Kleva Avenor AS, a privately-owned Swedish company which manufactures high-quality spices products and alcoholic ex-

Edk. Evans valued at £1.67m. McKechie Bros. offer

Edk. Evans, a subsidiary of Albright and Wilson, has acquired a 100 per cent shareholding in Kleva Avenor AS, a privately-owned Swedish company which manufactures high-quality spices products and alcoholic ex-

McKechie Bros. offer

albox bid for James Warren

albox Group, in which interests acquired a stake at the end of the year, is making an agreed bid worth around £1.67m. for James Warren, who has been suspended since 1976.

The bid follows roughly two months of talks between the two groups, which have trading relationships stretching back some years. The main attractions of Evans, which will continue to operate as it is without any rationalisation, is that it takes McKechie into highly specialised areas of the plastics industry, such as components made of composite metal and plastic. It will also take the group into the manufacture of small components.

McKechie's existing plastic interests—represented by its Derwent Industrial Plastics, Wragby Plastics, Gecco Products and C. G. G. Plastics subsidiaries—are a large extension in plastic moulding for the household goods.

The formal offer document will be posted through financial advisers Baring Brothers. Evans has been advised by S. G. Warburg.

ONEY MARKET nail assistance

of England Minimum Rate 6 1/2 per cent. Discount houses paid 6 1/2 per cent. for secured call loans in the one-year interbank interest rate. The early part of the week, and closing balances were taken at 5 1/2 per cent.

Discount houses' buying rates for three-month Treasury bills were slightly firmer, rising to 5 1/2 per cent. from 5 1/4 per cent. at the end of last week. The one-month Treasury bill rate was 5 1/4 per cent. and the three-month Treasury bill rate was 5 1/2 per cent.

Store	Rate	Store	Rate	Store	Rate	Store	Rate	Store	Rate
1	5 1/2	2	5 1/2	3	5 1/2	4	5 1/2	5	5 1/2
6	5 1/2	7	5 1/2	8	5 1/2	9	5 1/2	10	5 1/2
11	5 1/2	12	5 1/2	13	5 1/2	14	5 1/2	15	5 1/2
16	5 1/2	17	5 1/2	18	5 1/2	19	5 1/2	20	5 1/2
21	5 1/2	22	5 1/2	23	5 1/2	24	5 1/2	25	5 1/2
26	5 1/2	27	5 1/2	28	5 1/2	29	5 1/2	30	5 1/2
31	5 1/2	32	5 1/2	33	5 1/2	34	5 1/2	35	5 1/2
36	5 1/2	37	5 1/2	38	5 1/2	39	5 1/2	40	5 1/2
41	5 1/2	42	5 1/2	43	5 1/2	44	5 1/2	45	5 1/2
46	5 1/2	47	5 1/2	48	5 1/2	49	5 1/2	50	5 1/2
51	5 1/2	52	5 1/2	53	5 1/2	54	5 1/2	55	5 1/2
56	5 1/2	57	5 1/2	58	5 1/2	59	5 1/2	60	5 1/2
61	5 1/2	62	5 1/2	63	5 1/2	64	5 1/2	65	5 1/2
66	5 1/2	67	5 1/2	68	5 1/2	69	5 1/2	70	5 1/2
71	5 1/2	72	5 1/2	73	5 1/2	74	5 1/2	75	5 1/2
76	5 1/2	77	5 1/2	78	5 1/2	79	5 1/2	80	5 1/2
81	5 1/2	82	5 1/2	83	5 1/2	84	5 1/2	85	5 1/2
86	5 1/2	87	5 1/2	88	5 1/2	89	5 1/2	90	5 1/2
91	5 1/2	92	5 1/2	93	5 1/2	94	5 1/2	95	5 1/2
96	5 1/2	97	5 1/2	98	5 1/2	99	5 1/2	100	5 1/2

Stronger pound limits Gestetner increase

AFTER RISING FROM £12.01m. to £15.15m. in the first half, pre-tax profits of Gestetner Ltd. have finished the 52 weeks to November 5, 1977 at £23.7m. compared with £20.94m. for the previous 52 weeks. Turnover was slightly lower at £232.02m. against £238.15m.

Mr. D. Gestetner and Mr. J. Gestetner, the joint chairmen said that at the year end the pound was materially stronger and this had an adverse effect on the results when expressed in terms of sterling.

Eliminating sales between companies in the group, over 80 per cent of net turnover was outside the U.K. and the exchange transaction losses were £1.5m. and, therefore, particularly marked.

Although the volume of sales increased, turnover in sterling was 2 per cent lower than in 1976. The exchange effect is eliminated turnover shows an increase of 13.5 per cent to £224.71m. Similarly profit before tax, eliminating the exchange effect, shows a rise of 23 per cent to £32.15m.

Basic earnings are stated at 34p (30p) per 25p share and fully diluted at 32.5p (28.5p). The final dividend is 15p (14p) per share, a 3.94p (3.58p) total.

Turnover was £232.02m. (238.15m.), trading profit £23.7m. (20.94m.), operating profit £23.7m. (20.94m.), profit before tax £32.15m. (28.15m.), and profit after tax £23.7m. (20.94m.).

MINING NEWS

Cons. Murchison goes into the red

FOLLOWING the warning given by the company in October, South Africa's uranium producer, Cons. Murchison, reports its first quarterly working loss for six years of R278,000 (£243,300). After crediting a tax over-provision there is a net loss for the December quarter of R155,000 which leaves a net profit for the past year of R27m. against R8.11m. in 1976.

As already announced, Murchison has cut its 1977 final dividend to 10 cents, making a year's total of 30 cents against 140 cents in the deterioration in the market for uranium, began in 1976.

On the other hand, Anglo-Transvaal group's young Prieksha copper-zinc mine has done much better in the past quarter. Production of 1,500 tonnes of copper concentrates and recoveries while the mine has made two shipments of concentrates compared with only one in the last quarter.

U.S. Steel and Anglo-Transvaal have agreed to the postponement of the Prieksha loan instalments for three months to March 31 subject to Prieksha giving the right to convert the instalments into Notes, repayable 1983-87. These would be issued on the same basis as the existing Notes.

The right is exercised against Anglo-Transvaal's 1,500,000 shares of 10s. Notes. Middle Westwaster Area, the third shareholder, would put up its share of additional funds.

South Africa recruits more miners from Malawi

The year-end labour shortage in South Africa has made workers reluctant to give up their jobs in the Malawian labour market. The Malawian labour commission has tightened up the 12,000 in November and fewer labourers have been recruited.

Recruitment from Malawi was resumed in the middle of last year after requests from the Chamber of Mines for the return of trained workers from Malawi.

Malawi put an end to mine labour recruitment in 1974 after an air crash in which homeward-bound Malawians were killed.

Mr. Tony Fletcher, manager of the Chamber of Mines recruiting arm, said yesterday he did not expect employment from Malawi to reach the old levels around 13,000. He also indicated that labour complements are now near optimum levels at about 97 per cent requirement.

The encouraging aspect for gold shares is that production losses suffered in past years because of the seasonal labour decline over November to February will not occur this year. In December, 1976, labour complements fell as low as 81 per cent of optimum, leading to a sharp decline in output.

Group changes at Pilkington

Mr. J. W. E. Helliwell has been appointed non-executive chairman of Pilkington Ltd. in place of Mr. Trevor Peppercorn, who has retired. Mr. Helliwell, a former director of Triple Safety Glass, heads the aircraft and special products division at Kings Norton, Birmingham. Mr. E. T. Judge and Mr. N. G. Sutcliffe, of the parent concern PILKINGTON BROTHERS, have been non-executive directors of Pilkington.

Mr. C. A. Squair has been appointed deputy chairman of the SOUTHERN ELECTRICITY BOARD in succession to Mr. H. D. Walker, who retires on March 3.

Mr. R. O. Adams, Mr. D. Bradbury, Mr. J. R. T. Turner, Mr. Nigel Britten, Mr. R. O. Adams, Mr. D. Bradbury, Mr. J. R. T. Turner, Mr. Nigel Britten, Mr. R. O. Adams, Mr. D. Bradbury, Mr. J. R. T. Turner, Mr. Nigel Britten.

Mr. G. I. W. Dunford has become commercial director of INTERNATIONAL AERADIR in place of the late Mr. Don Clewton. Mr. F. W. Morris succeeds Mr. Dunford as general manager aviation. Mr. Malcolm Minkin has been appointed financial director of SINGER GROUP, which was acquired by Heron Corporation at the beginning of this year.

Mr. Paul Rattenman has joined the BSC accountancy profession. Mr. Rattenman, who was previously with the BSC, has been appointed director of the BSC accountancy profession.

Mr. R. T. J. Hubbard has been appointed commercial director, also, of the BSC accountancy profession. Mr. Hubbard, who was previously with the BSC, has been appointed commercial director of the BSC accountancy profession.

Mr. A. E. Tyson, managing director of E. Green and Son (Brotherton Chemicals), has been appointed a director of GREEN'S ECONOMISER GROUP. Mr. C. A. Leachman, managing director of Green's Economiser Group.

Mr. C. E. Elliott has been appointed chief executive of the Board of GLINKSTEN VENEERS, who will be managing the company's headquarters in the U.S.

Mr. M. D. Mortimer has been appointed special adviser for air matters of the UNIVERSAL FEDERATION OF TRAVEL AGENTS' ASSOCIATIONS.

Mr. John F. Phillips has been appointed chairman of PRIVATE PATIENTS PLAN in succession to Lord Brock. Vere Lady Birdwood and Sir Alexander Durie have become vice-chairmen.

Mr. J. G. Elliott has been appointed to the assistant executive of SCOTTISH ROUTABLE LIFE ASSURANCE SOCIETY as deputy pensions manager from March 1.

Mr. Ross R. Cone Jr. has been appointed managing director of NORTH SEA SUN OIL COMPANY, a subsidiary of Sun Company Inc.

Bodycote International has appointed Mr. Ron Nicholson as managing director of its subsidiary JOYCE FABRICS OF NEW YORK from February 1.

Mr. P. G. Hamilton Jr., U.S., has resigned as a director of the LONDON SCOTTISH FINANCE CORPORATION.

Mr. Roger Pateman has been appointed managing director of LOTUS in Norfolk.

Mr. S. K. Walker has been appointed managing director of LEEDS PERMANENT BUILDING SOCIETY in the place of the late Mr. Ronald Cowling. Mr. Walker joined the Society in 1932 and is a general manager.

Mr. John Kelley has been appointed executive chairman of Prestcold Western and Mr. Michael Brannon, has become a director and general manager of the LEYLAND SPECIAL PRODUCTS GROUP.

Mr. E. P. Wellenstein, until

HOME CONTRACTS £7m. anti-submarine defence order for Ultra

ULTRA ELECTRONICS, a Dowty work on the Chevron Ninian Group company, has won a contract from the Ministry of Defence for sonobuoys worth more than £7m. The three long range sonobuoys, which are omnidirectional passive units and part of the Jezebel system for detecting submarines, will be used by the Royal Navy.

FOUR regional transshipment centres being built for F. W. BALFOUR BEATTY CONSTRUCTION (SCOTLAND) Ltd. (Herts), Warrington (Cheshire) and Cumberland (Strathclyde) are each to have Honeywell-made minicomputers under a £275,000 order.

The computers—series 80 level 6 systems—will be used to help distribute goods to local stores. Delivery will start this month and the computers are expected to be fully operational by the middle of the year, says Honeywell's Minicomputer and Terminal Division, at Hemel Hempstead, Herts.

ICI has received the first public utility order for its new 2550 medium-sized computer from the Southern Electricity Board. Two of these computers, worth £500,000, will be installed at the Board's headquarters in Maidenhead, Berks, to handle engineering applications.

HARRIS SYSTEMS, Hitchin, Herts, is installing a regional network of 3170 interactive display terminals to provide a telephone-on-line inquiry service for customers of South Eastern Gas. Worth £250,000, a total of 143 Harris terminals will be located at the SEGAS Croydon headquarters, and at 22 district offices, and linked to a recently installed IBM 370/148 central computer.

HONEYWELL has received an order for its Level 6 minicomputer from Ross Foods, an Imperial Foods Group company, for a £125,000 system to monitor weighing machines in each of 15 production lines at its frozen food packing factory at Fakenham, Norfolk.

BP Forties Field and hook-up

INTERNATIONAL FINANCIAL AND COMPANY NEWS

EUROBONDS

All eyes on Occidental

BY MARY CAMPBELL

MOST ATTENTION in the dollar sector to-day is likely to focus on the Occidental issue, which will be trading for the first time. The issue was last night priced at 99 to put the yield at 8.76 per cent, over the five year maturity. Banks are currently paying about 81 per cent for five year deposits in the money market.

There was good placing in some of the weaker currency countries, the managers say, but less good placing in the stronger currency countries. The Swiss banks were absent from the management group.

The lead manager, Dean Witter Reynolds, will be making a market in the bonds to-day. Meanwhile, the trading in the European Investment Bank's two-tranche issue continues to be thin, with dealers unwilling to make a market in the bonds because of the limits within which the lead manager is prepared to deal.

The Eurobonds offering, which moved to very big discounts in the last week, has picked up a bit—dealers suggested that it was being generally bid at above 96½ yesterday.

The dollar sector stabilised somewhat yesterday, with a certain amount of business being done, though not nearly as much as last week. Dealers attributed the improvement mainly to technical factors, but the dollar has picked up a bit on the foreign exchange markets and Eurodollar rates are easier where changes.

The dollar closed yesterday at DM2.1312½ and Sw.Frs.1.925. The rates last Friday were DM2.1215 and Sw.Frs.1.927½.

The three month Eurodollar rate was 7½% yesterday and the six month rate 7½% per cent. On Friday they were 7½% and 7½% per cent.

In the D-Mark sector, dealing

has been quiet for the last couple of days with prices more or less unchanged. Commerzbank is due to launch a DM200m. issue soon and the issue after that is expected to be for Argentina, with Deutsche Bank as lead manager.

The size of the Brazilian offering has been raised from the scheduled DM150m. to DM200m. It is due for pricing on Thursday.

Panama's 5m. Kuwaiti dinar offering will be completed to-day. The pricing has been set at 99½.

Two Japanese companies due to launch issues on the Swiss market in the near future are Mitsubishi Electric and Asahi Glass. Reuters reports from Tokyo. Mitsubishi Electric is raising Sw.Frs.80m. for between 5 and 6 years in the form of a private placement of convertible notes via Union Bank of Switzerland. The coupon will be 4 per cent, according to the reports.

Asahi Glass has reportedly raised Sw.Frs.70m. for five years at 4½ per cent via Swiss Bank Corporation, also in the form of a private placement.

Venezuela's \$178m. placement of promissory notes in the Middle East is in the form of promissory notes which mature between two and seven years hence. Each batch of \$30m. worth of notes contains tranches of notes maturing annually between 1980 and 1985. The notes offer a floating rate of interest—the margin over inter-bank rates is 1 percentage point (rather more than Venezuela is currently paying for traditional syndicated Eurocurrency loans). The financing was arranged by institutions in the Bank of Credit and Commerce International group.

Moulinex sales rise

PARIS, Jan. 17. SOCIETE Moulinex, makers of small electrical household appliances, report consolidated 1977 sales of Frs.1,854bn.—a 10 per cent increase on the Frs.1,680bn. recorded in 1976. The 1977 figure included for the first time sales of its U.S. subsidiary. Sales of the parent company alone totalled Frs.1,489bn., up by 5.5 per cent.

Usinor trading halted

PARIS, Jan. 17. TRADING in Usinor SA shares was halted on the Paris bourse in early dealings to-day because of an imbalance of buying orders, dealers said. The Finance Ministry yesterday announced loans of Frs.500m., including Frs.250m. for Usinor, had been granted to the steel industry.

AMERICAN NEWS

Two more United Artists resignations

By Our Own Correspondent

NEW YORK, Jan. 17. DISPUTES over pay restrictions and parent company control has sparked a series of resignations by top executives at United Artists, the leading U.S. film distributor whose box office hits in the past two years included Rocky, Annie Hall, and Semi-Strong.

With two announcements to-day, a total of five top officers at United Artists have quit, including Mr. Eric Pleskow, president and chief executive, Mr. Arthur Krim, chairman, and Mr. Robert Benjamin, chairman of the finance committee. Mr. Krim and Mr. Benjamin are also directors of the parent company, Transamerica Corporation, and have said they will also resign those posts.

The row between Transamerica and its senior United Artists executives has been simmering for some time. It has come to a head just as the company, one of the nation's largest conglomerates, is announcing a 45 per cent increase in 1977 profits to \$170m. on sales of over \$3bn.

Transamerica is a highly diversified company, headquartered in a pyramid-shaped tower in San Francisco. It operates the ninth-largest U.S. life insurance business, Occidental Life Insurance, the Budget Rent-A-Car car hire business and Trans International Airlines as well as United Artists.

In 1976, United Artists was a major contributor to Transamerica's profits, earning \$16m. of the parent's \$113m. net income. A statement issued by the resigning executives claims that in 1977 United Artists established a new industry record for global theatrical revenues and for an even more successful year in 1978.

Mr. Krim and Mr. Benjamin bought United Artists from actors Charles Chaplin and Mary Pickford in 1951 and sold it to Transamerica in 1967.

They have expressed their opposition to the parent company's financial management by means of a campaign of public relations, particularly in the expansion of the company's 800 series.

Fourth quarter revenue was \$679.1m. against \$689m. in the same 1976 period. Net profits were \$94.07m. against \$81.58m. giving earnings per share of \$2.32, against \$2.04.

Full year revenue was \$2,135m., against \$1,956m. in 1976, with net profits of \$215m., against \$186m., giving earnings per share of \$5.31, against \$4.62.

U.S. QUARTERLIES

INT. MINERALS/CHEMICAL

	1977	1976
Revenue	\$113.6m.	\$101.3m.
Net profits	\$27.8m.	\$27.9m.
Net per share	0.52	1.59
Revenue	\$24.6m.	\$31.3m.
Net profits	\$5.6m.	\$2.5m.
Net per share	0.33	2.97

PENNWALT CORP.

	1977	1976
Revenue	\$208.0m.	\$187.3m.
Net profits	\$12m.	\$7.7m.
Net per share	1.15	0.85
Revenue	\$34.9m.	\$77.3m.
Net profits	\$4.7m.	\$4.9m.
Net per share	0.23	0.36

OLIN CORP.

	1977	1976
Revenue	\$53.0m.	\$32.3m.
Net profits	\$4m.	\$5m.
Net per share	0.39	0.37
Revenue	\$15m.	\$14m.
Net profits	\$7.1m.	\$2.5m.
Net per share	0.34	0.03

STRAIGHTS

	1977	1976
Alcan Australia 8 1/8% 1980	90 1/2	92 1/2
AMEV 8 1/8% 1987	90 1/2	92 1/2
Australia 8 1/8% 1980	90 1/2	92 1/2
Australian M. & S. 8 1/8% 1980	90 1/2	92 1/2
Bancard Bank 8 1/8% 1982	90 1/2	92 1/2
Bowater 8 1/8% 1982	90 1/2	92 1/2
Can. Nat. Railway 8 1/8% 1984	90 1/2	92 1/2
Credit National 8 1/8% 1986	90 1/2	92 1/2
Commerzbank 8 1/8% 1984	90 1/2	92 1/2
ECB 8 1/8% 1985	90 1/2	92 1/2
ECB 8 1/8% 1987	90 1/2	92 1/2
ECB 8 1/8% 1989	90 1/2	92 1/2
ECB 8 1/8% 1991	90 1/2	92 1/2
ECB 8 1/8% 1993	90 1/2	92 1/2
ECB 8 1/8% 1995	90 1/2	92 1/2
ECB 8 1/8% 1997	90 1/2	92 1/2
ECB 8 1/8% 1999	90 1/2	92 1/2
ECB 8 1/8% 2001	90 1/2	92 1/2
ECB 8 1/8% 2003	90 1/2	92 1/2
ECB 8 1/8% 2005	90 1/2	92 1/2
ECB 8 1/8% 2007	90 1/2	92 1/2
ECB 8 1/8% 2009	90 1/2	92 1/2
ECB 8 1/8% 2011	90 1/2	92 1/2
ECB 8 1/8% 2013	90 1/2	92 1/2
ECB 8 1/8% 2015	90 1/2	92 1/2
ECB 8 1/8% 2017	90 1/2	92 1/2
ECB 8 1/8% 2019	90 1/2	92 1/2
ECB 8 1/8% 2021	90 1/2	92 1/2
ECB 8 1/8% 2023	90 1/2	92 1/2
ECB 8 1/8% 2025	90 1/2	92 1/2
ECB 8 1/8% 2027	90 1/2	92 1/2
ECB 8 1/8% 2029	90 1/2	92 1/2
ECB 8 1/8% 2031	90 1/2	92 1/2
ECB 8 1/8% 2033	90 1/2	92 1/2
ECB 8 1/8% 2035	90 1/2	92 1/2
ECB 8 1/8% 2037	90 1/2	92 1/2
ECB 8 1/8% 2039	90 1/2	92 1/2
ECB 8 1/8% 2041	90 1/2	92 1/2
ECB 8 1/8% 2043	90 1/2	92 1/2
ECB 8 1/8% 2045	90 1/2	92 1/2
ECB 8 1/8% 2047	90 1/2	92 1/2
ECB 8 1/8% 2049	90 1/2	92 1/2
ECB 8 1/8% 2051	90 1/2	92 1/2
ECB 8 1/8% 2053	90 1/2	92 1/2
ECB 8 1/8% 2055	90 1/2	92 1/2
ECB 8 1/8% 2057	90 1/2	92 1/2
ECB 8 1/8% 2059	90 1/2	92 1/2
ECB 8 1/8% 2061	90 1/2	92 1/2
ECB 8 1/8% 2063	90 1/2	92 1/2
ECB 8 1/8% 2065	90 1/2	92 1/2
ECB 8 1/8% 2067	90 1/2	92 1/2
ECB 8 1/8% 2069	90 1/2	92 1/2
ECB 8 1/8% 2071	90 1/2	92 1/2
ECB 8 1/8% 2073	90 1/2	92 1/2
ECB 8 1/8% 2075	90 1/2	92 1/2
ECB 8 1/8% 2077	90 1/2	92 1/2
ECB 8 1/8% 2079	90 1/2	92 1/2
ECB 8 1/8% 2081	90 1/2	92 1/2
ECB 8 1/8% 2083	90 1/2	92 1/2
ECB 8 1/8% 2085	90 1/2	92 1/2
ECB 8 1/8% 2087	90 1/2	92 1/2
ECB 8 1/8% 2089	90 1/2	92 1/2
ECB 8 1/8% 2091	90 1/2	92 1/2
ECB 8 1/8% 2093	90 1/2	92 1/2
ECB 8 1/8% 2095	90 1/2	92 1/2
ECB 8 1/8% 2097	90 1/2	92 1/2
ECB 8 1/8% 2099	90 1/2	92 1/2
ECB 8 1/8% 2101	90 1/2	92 1/2
ECB 8 1/8% 2103	90 1/2	92 1/2
ECB 8 1/8% 2105	90 1/2	92 1/2
ECB 8 1/8% 2107	90 1/2	92 1/2
ECB 8 1/8% 2109	90 1/2	92 1/2
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Foreigners take the plunge

ably larger than the typical Y10bn. borrowings of a year ago.

For sheer numbers, though, the yen-dominated bond market has grown more quickly than any other money market in Japan. Foreign governments and institutions were first allowed to borrow yen in Tokyo in 1970 as part of a modest package of measures to liberalise foreign exchange rules and increase use

Foreign borrowing in Japan

rupled last year. Why?

DOUGLAS RAMSEY

opened and why foreign borrowing went up

upwards even faster

of the Japanese currency in international transactions. At its peak, the market, in 1972, generated US\$1tn for issues (World Bank, ADB, Australia and Quebec). Brazil borrowed \$100bn in November 1973 before Tokyo decided to suspend the market. Since reopening, the volume of

under consideration, but so far there have been no official approvals.

Finally approvals for European issues continue. Although the first two European issues (for EIB in April and for the World Bank last summer) made headlines and have become the prize possession in many European portfolios, new issues have not kept the market going. The market has been very active in many issues in fear of exchange rate losses, and government borrowers seem especially keen to borrow their yen in Tokyo rather than Europe because of the interest rate differential. The Finance Ministry has let it be known, however, that new issues will get almost automatic approval.

Clearly, Tokyo's objective in promoting growth of yen bond markets is some depletion of its balance of payments surplus. The export of capital, too, has become a big business. The principal underwriters and managing commissioned banks are looking to the boom in yen-dominated issues with an eye for commission profits. Six new issues have been scheduled for January and February.

Australia's new treasurer, Mr.

JOHANNESBURG, Jan. 17.

with no controlling shareholders, may face a deal engineered by its biggest shareholder, the Afrikaner life group Sanlam, which has an 11 per cent stake.

So could, they say, involve the General Mining Union Corporation group, which is mainly within the Sanlam camp, reversing some industrial or engineering assets into Abercom.

Such a deal would probably not involve much benefit for Abercom shareholders, but the scenario envisaged is that Sanlam and its associates could end up with 30-40 per cent of the enlarged Abercom, so consolidating their influence on the group.

Whatever emerges, Abercom shareholders must be prescribed some bitter medicine before the market rating can improve. A dividend cut to about 20 cents in the current year is regarded as quite conceivable in the slow-down circles.

In addition, they say, the slowdown in business may revive old problems over the group's taxation policies. A year ago, auditors Deloitte and Company qualified the accounts on the lack of provision for deferred taxation.

floating at par. By contrast, the issue announced of 1977 (by Singapore) was priced at 99.7 but carried a coupon reduced to 6.7 per cent.

At the same time a trend towards larger issues has been readily apparent. The World Bank set a record in December with its Y.30bn. offering (5.8 per cent) for 15 years, since although most issues since October have weighed in at around Y.20bn. — still appreciably larger than the 1977 issue.

DOMESTIC BONDS

Swiss offers total \$26m.

By Jeffrey Brown

THE SWISS market this week abounded with new issues totalling Sw.Frs.100m. (\$26m.).

The Mortgage bank Credit Foncier Valais is to offer from Friday Sw.Frs.75m. over 15 years while a similar maturity went on sale yesterday from the power company, Mixoxer Kraftwerke which is raising Sw.Frs.25m.

Both loans will carry a coupon of 8½% with the bank offer listed at par and that from the utility priced at 99.80. Bonds of the former will be used for conversion or repayment of loans falling due this year.

The Mixoxer Kraftwerke issue is being made to holders of an existing loan maturing in the middle of next month.

In Austria, the Österreichische Leasingbank is to raise Sch.500m. (\$17m.) via an issue of 5.5% ten tranches due with a

If present estimates prove accurate, the volume of issues will rise strikingly this year. The Finance Ministry is reported ready to approve foreign yen placements of between ¥700bn and ¥800bn on the Tokyo market—and that is for public offerings by governments and multilateral institutions only.

Moreover, the Finance Ministry is contemplating a move to

MEDIUM TERM LOAN Refinancing

BY FRANCIS GILES AND MAR

THE PHILIPPINES and South Korea are joining the ever-growing list of countries which are preparing medium term loans contracted two or three years ago. It makes sense for countries whose foreign reserves are higher to-day than two or three years ago, or whose balance of payments situation is healthier, to repay loans early and contract new ones on cheaper terms.

Such refinancing is not unique to south east Asia, where Malaysia, only two weeks ago and Hong Kong at the end of last year have already taken advantage of the present borrowers' market. The U.K., Ireland and Iceland have been among the industrial countries which have already followed the path of refinancing.

South Korea has confirmed that it will repay in full a

expanding the Tokyo capital market concerns the eligibility of corporate borrowers. So far the yen market has been closed to private borrowers despite apparent interest from several major multinational companies. Some companies have managed to borrow indirectly, notably through Singapore International Airlines which secured its financing through the Singapore Government. It is understood that several corporate issues are

Following hot on the heels of Mexico and Brazil, Chile becomes the third Latin American country to achieve cheaper borrowing terms. Morgan Guaranty has a mandate to raise \$150m. (a larger amount than any loan to Chile in the past year) for Banco Central. Maturity is six years, and the spread the borrower will pay is 1½ per cent. According to the latest Morgan Guaranty figures for Chile, publicly announced medium term credits for this country increased from \$206m. in 1976 to \$591m. last year. Other loans for Chilean borrowers are expected in the next few months.

THE first Italian State guaranteed Eurocurrency short-term floating rates 1973 was signed yesterday. It is \$200m. for the state, elec-

previously worked for Simon Darby and Otis in the Far East. Market and banking circles in Johannesburg now believe that Abercom, as an "open" situation

Discount raise I£77

FINANCIAL TIMES REPORTER

DISCOUNT Bank Investment Corporation is to raise some I£77m. through the issue in February of new equity, convertible debentures and option warrants. The financing is being undertaken in order to further "investments in existing affiliates and new business ventures".

Nearly all the new ordinary shares together with just over half of the new option warrants are being issued to shareholders by way of rights. The balance (almost) of the warrants plus the convertible stock are being offered for public subscription.

N.Z. Insurance

A N.Z. increase in investment income enabled New Zealand Insurance Company to offset continued losses in Britain and Europe and an underwriting loss from its New Zealand opera-

capital expenditure qualifying the group for allowances and leading to "no real liability for tax arising from timing differences."

Bank to

7m.

The convertible will carry a coupon of 18 per cent. and be convertible into equity on issue until 1987. The conversion basis is one Ordinary share for £122.50 of convertible stock. The options will carry the right to subscribe for one Ordinary share for two warrants at £122.50 a share from the time of issue until 1982.

The public offer in the Discount Bank will take the form of units comprising 1530 of convertible stock plus two options per warrant. Price will be £540

nce ahead

SYDNEY, Jan. 17.

higher net profit in the opening half of 1977-78.

The directors, in their report for the six months ended November 30, showed that net profit improved from \$NZ6.75m. to \$NZ4.8m.

will be priced as good as new and will carry a coupon of 8% running for six years, the second tranche will carry a coupon of 8% and price of 98.85.

In Tokyo plans to issue 80 per cent of Japan's projected fiscal 1978 national bonds in the first half of the current starting April are announced by the Ministry of Finance.

The Ministry intends to raise as much money as possible—¥10.88bn. is projected for first half 1978—before the expected upturn in demand for export goods in the Japanese industry, the second half. During the first half, the Ministry expects to issue more national bonds in April and May when the capital market conditions are for seasonal conditions than in later months.

Repler

above the interbank rate. The Ministry of Finance in Seoul said that \$114.5m in principal and \$10.5m in interest on the loan which was co-located in Bank of America and Chase Manhattan, would be repaid by April 10 when the next interest payment is due.

After Venezuela, Qatar and Algeria will be the next oil producing developing countries to benefit from the fall in oil prices and the abundance of natural gas. The Qatar Steel Company is understood to be seeking \$100m. for seven years on a spread which may be as low as 1 per cent.

Meanwhile, Algeria has succeeded in raising money on much better terms than it has at any time in recent years. The state oil company

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Mellon Bank, N.A. **Midland Bank Limited**

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A FINANCIAL TIMES CONFERENCE BUSINESS WITH SPAIN

MADRID
February 22-23 1978

As a result of numerous requests for an international business symposium on Spain, as part of the Financial Times' series of conferences on matters of substantial current interest, the Financial Times is arranging a conference on Business with Spain in Madrid on February 22-23 1978.

The conference will cover the outlook for the Spanish economy, political developments, an assessment of the impact of the proposed European Community membership and other significant relationships, such as that of Spain with the Arab countries. These topics will be analysed by a distinguished panel of Spanish and non-Spanish speakers of unique authority.

The list of speakers includes:

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Vice President of the Government
for Economic Affairs.

Mr. Per Haekkerup, MF
Minister for Economic Affairs,
Denmark

H.E. Sr. Don Juan Antonio Garcia Diaz
Minister of Commerce and Tourism

Sr. Don Jose Maria Lopez de Letona
Governor, Bank of Spain

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THE HUMBER BRIDGE

Spanning more than a physical gap

By RHYS DAVID, Northern Correspondent

IN JUST OVER a year's time, after more than 100 years of debate and at a cost of more than £60m., the world's biggest single-span suspension bridge will start carrying traffic between the two banks of the Humber.

With a span of 1,410 metres the Humber Bridge exceeds the present largest, the Verrazano Narrows bridge in New York, by 112 metres. But although its outline has been dominating the approaches to Hull for some time, its forthcoming completion has caused as much doubt as delight in the new county of Humberside.

The bridge has doubled in cost since contracts were let in 1973 and the long-delayed announcement of the toll charges is awaited with some trepidation. Furthermore, though it will cut some 50 miles off the road journey between Hull and Grimsby it has been dubbed the bridge to nowhere. The population on the south bank is relatively small and in some parts of the area—formerly in Lincolnshire—there is not much love lost for the ex-Yorkshiremen on the North bank. Grimsby, in particular, has been fighting its own cod war with the rival port of Hull, raising the issue to angry levels last summer with a report suggesting it had the best claim to be considered the principal centre for fishing industry investment in the area.

Mainly, however, the Humber Bridge calculations have been thrown out by the slowdown in U.K. population growth since the 1960s, when the Government was casting around anxiously for areas, such as Humberside, capable of absorbing the extra millions expected at the turn of the century. At that time the area was thought likely to see an increase of 750,000 by the year 2000: latest predictions put the growth rate at only 0.2 per cent a year.

But while doubts remain, the bridge's supporters feel it represents investment in infrastruc-

ture in potentially attractive land and one that points the right way towards Europe. Continental countries have long been making—though at its cost, has West Europe. The Humber estuary can as a result play an important part in the U.K.'s economic recovery," David Gill, Humberside's director of planning points out.

The bridge could, some planners believe, result in the creation of a British Rotterdam

“... it could result in the creation of a British Rotterdam ...”

an importing port. Hull has developed a substantial export trade as a result of the switch since EEC entry in the orientation of U.K. trade towards the Continent, and shorter road routes to many parts of the country by motorway. In addition, the area is now close to much of Britain's new sources of energy—gas and oil from the North Sea and the Selby coalfield in Yorkshire. In the southern part of the county the now-completed Anchor scheme has given Scunthorpe modern steelmaking facilities capable of producing 6m. tonnes of steel a year, backed by deep-water port facilities at Immingham.

The southern bank of the Humber, where a number of large sites close to deep water are available, is expected to become much more attractive for development as a result of the opening of the bridge, which will give access to the big city facilities—such as engineering, technical and professional services—which Hull, with its population of more than 250,000, can offer.

This is the last of the undeveloped estuaries in England lost over the past two-three

years as a result of the closure of fishing grounds off Iceland and Norway. Unemployment stands at 7 per cent in the county as a whole, and more than 11 per cent among men in Hull.

Some major new projects are now under way—notably a £15m. expansion by Reckitt and Coleman, the biggest industrial group based in the city, which is building a new 500,000 square foot pharmaceutical complex. BP Chemicals, which already has major facilities on the north bank, is spending £55m. on a 150,000-tonnes-a-year acetic acid plant, due for completion in 1979, and the locally-owned Armstrong Equipment group is taking over the typewriter factory to expand production of motor components. The city's main new industrial estate, Sutton Fields, has also recently topped 1m. square foot of factory space with the start of work on a new unit for Dev-

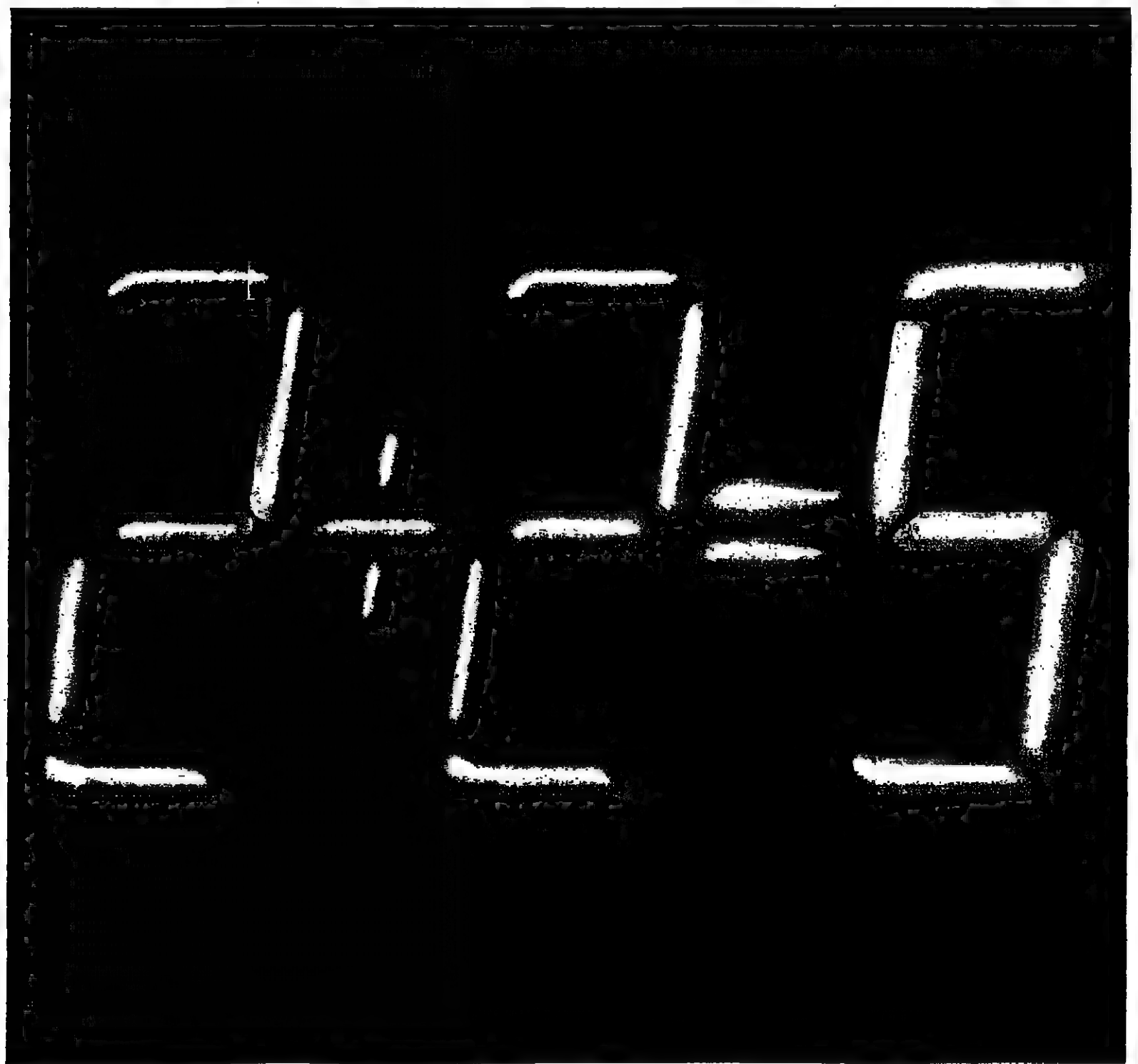
hirst, the clothing manufacturer. Nevertheless, as Ian Holden, the city's industrial development director, admits, the gap between jobs lost and new opportunities remains wide. But while the bridge remains the best long-term hope for attracting new projects, the linking of the two banks will have other, more immediate consequences and it is these which lie behind the lack of enthusiasm on the south side in particular.

Hull clearly will be able to play a wider role as a metropolis for the whole county, and be able to attract consumers from the south bank who now go as far afield as Sheffield and Leeds for major purchases. Total spending power in Hull's new catchment area is put at £580m. a year compared with £380m. on the North side alone. Some retail development has already taken place over recent years in Hull to cater for the 400,000 travellers who use the North Sea ferries from the Humber each year—many of them on day

trips to take advantage of cheaper U.K. shopping facilities. Some rationalisation of services also seems likely to take place. But whether Hull, because of its size, will be the more attractive location for bases—as some of the towns on the south bank fear—remains to be seen. Grimsby is currently the main headquarters in the area for most of the big frozen food processing companies and they could choose to consolidate activities there.

However, the impact the bridge makes will depend very much on the level at which the toll is set. The Humber Bridge Board has borrowed 75 per cent of the cost of the project from the Government at favourable rates of interest on condition that the loan is repaid over 60 years. There are provisions for capital repayments to be delayed, enabling a lower initial toll to be set, but failure to pay within the required period would impose high costs on local ratepayers.

The difficulties of making bridges pay for themselves have recently been demonstrated by the Severn Bridge, which ran up a loss of more than £1m. last year. But if, in spite of ministerial statements that no special government assistance will be available, a relatively low toll is set for the Humber bridge, the bridge could finally play one other vital role—that of welding the Humberside county together and removing some of the suspicions of each other which the two sides hold.



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FINANCIAL TIMES REPORT

Wednesday January 18 1978

The Amusement Industry

Britain is one of the relatively few countries allowing fruit machines to be widely used and the introduction of electronics has transformed the traditional amusement arcade.

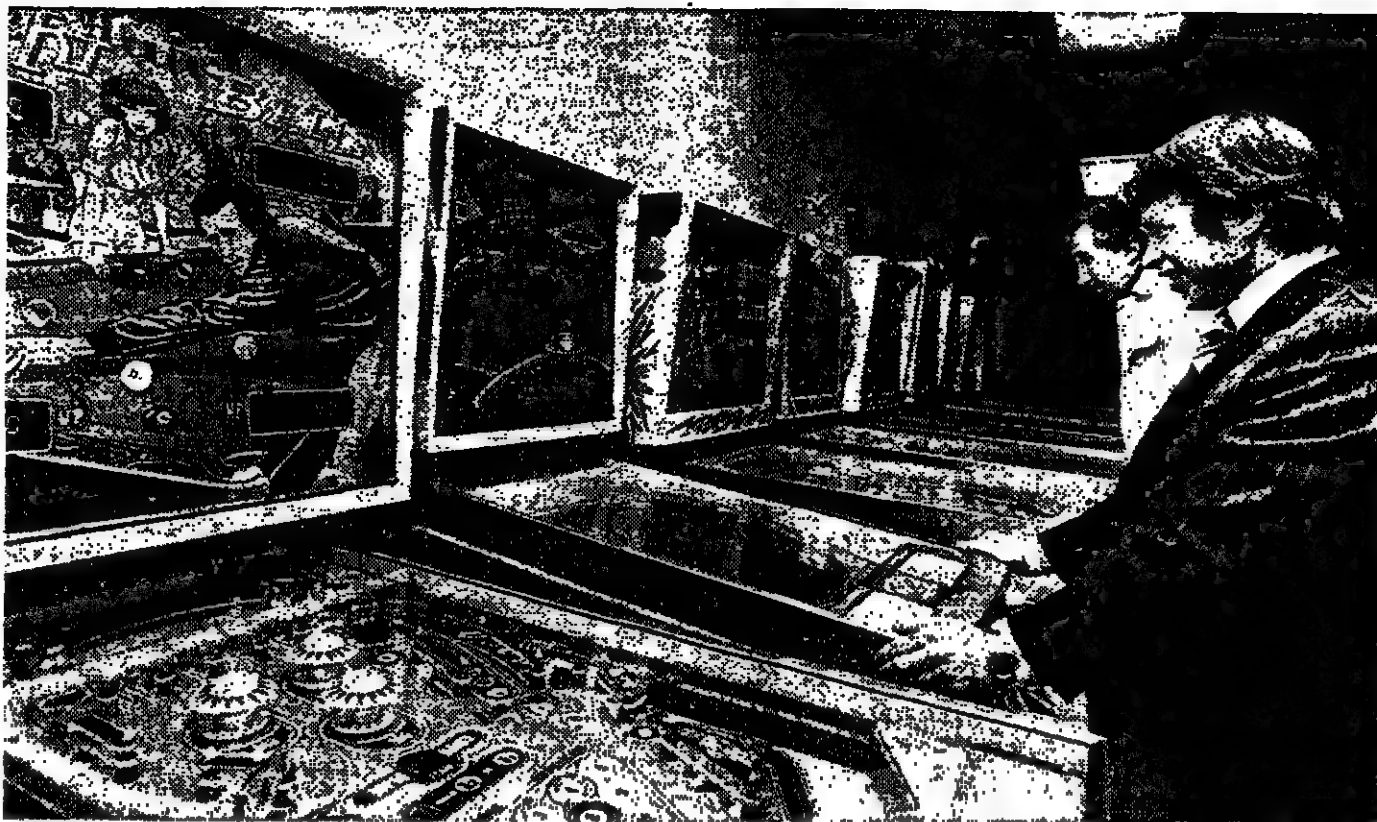
This Report was written by Arthur Sandles

the intervention of human hand. In a couple of weeks' time these strange new devices have transformed the traditional amusement arcade, constant source of both pleasure and abuse. The questionable fringe of the arcade business is the cross the amusement industry has to bear. While the vast number of arcades simply provide innocent resort entertainment, there are those whose location and opening hours seem to attract unfortunate business and considerable public attention. Manufacturers and operators seem universally upset by the image projected by some arcades, or perhaps by the criticism of these arcades, and the British Amusement Catering Trades Association members go to considerable lengths to keep the industry clean.

BACTA is a surprisingly constant presence in the industry, much more so than is normally found. This is probably due to the fact that the industry, being regarded by Government as part of the overall gaming business, is under the watchful eye of the Gaming Board. Almost everything the industry does has to be done with a glance at the Board. However, fears that Britain would soon be awash with fruit machines once they were allowed in pubs and clubs seem to have proved totally unjustified. In recent years there has been scarcely any rise at all in the number of machines in use and they have contributed extensively to the survival of many clubs and commercial operations.

In recent years probably the most spectacular thing that has happened at the show has been the introduction of video games, a mixed blessing as far as the industry is concerned, thanks to their relatively short entertainment life. Less obvious but perhaps more permanent has been the growth in popularity of pool tables, a bar game which has successfully crossed the Atlantic. This year the revolution is behind the scenes, with more and more of those huge glossy beasts having works inside which could be packed into a very small brief-case.

Spectacular



Amusement machines from Ruffler and Deith.

at the
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utton

SOME degree it is the bust everyone loves to hate. The r whose club relies for its dity on the fruit machine he bar will rarely have a word to say for it; the er whose child plays an orate television game will realise the technology that gone into it; the teenager chooses a record on the box will never know of the a, near cut-throat, competi- that lies behind the music, yet there is clear evidence the amusement business, a hotch-potch of near- le handed entrepreneurs, come of age in recent years, easingly the industry has n signs of developing istication, not only in the pment on offer, but also in management techniques em- ed.

Today an impressive range electronic gadgetry (an ready simple game can over £1,000) is the glitter- front of house display, be- which lies a substantial, ider of employment and a of high technology. The erment and its agencies- not be the most popular of le with the amusement in- ry at the moment but the

attitudes of successive Govern- ments have in fact helped to give Britain a relatively healthy amusement industry.

Britain is still one of the rela- tively few countries in the world which allows fruit machines to be widely used. The rewards to the players may be limited when the machines are used in public places and the whole business is very care- fully policed, but the net result is that the British industry has a firm domestic base, from which to operate. It has, for example, enabled Bell Fruit (a Cope Alliman subsidiary) to claim to be second only to American giant, Bally in the fruit machine business, and to be determined to catch up.

It also means that the British industry is singularly well placed to take advantage of what is apparently going to be a substantial expansion in world markets for machines. Several American states are loosening their gaming laws, in such a way as to admit the use of machines, and the same thing is happening in Europe and other parts of the world.

Automation

The amusement business in Britain finds its base, of course, in the old fairgrounds. Some- where along the line someone introduced an element of automation to climbing greasy poles and throwing balls at coconuts and the amusement industry was born.

The admission of fruit machines and electro-mechanics changed the world of amuse- ments considerably in the 1960s. To-day, the industry does not approve of the phrase one-arm bandits, if only because few of the remaining machines have

one arm and, with 70-80 per cent of the money going back to the player, not so much a bandit. Instead the machines are euphemistically called sky.

The phasing out of as much mechanical operation as pos- sible has been a top priority with the industry for some time. Mechanics need far too much servicing in this age of expensive manpower. To-day, a great many APWs and amuse-

ment-only machines boast the average domestic television, coin acceptance system as the while back at the central base there are much more sophis- ticated facilities for detailed fault correction. A company like Associated Leisure, which boasts the largest range of hire equipment, in the world, is able to plug a machine into a computer, which will then put it through its paces and come up with any fault, from light bulb to micro-processor, without

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THE AMUSEMENT INDUSTRY II

Keeping ahead of the field

A FEW MINUTES playing the games is that boredom sets in machines demonstrates the way pretty quickly and you have to keep changing games if the audience is to be retained. The more you see of the amusement industry the more you realise it is like the fashion business. Every few months whole new ranges of games and machines are on offer, and every few months distributors and operators have to decide what they should order. As far as the television games are concerned most of the impetus comes from the American west. Thousands of highly skilled technicians thrown out when the customers get bored. The problem with TV space programme went into the business they knew best—micro-technological applications. Oddly enough the amusement industry rivals the computer industry as a consumer of such talents. Dozens of new companies have sprung up in California. Some will survive, some will not, but meanwhile they are tearing each other apart in the fight to produce something a bit more elaborate, a bit more sophisticated and with a little more audience appeal than the rivals. For importers of the games the agony of choice comes in the autumn when they have to place orders. The time scale is simply not long enough to allow the process of having arcade proprietors make their choice and then order on the basis of customer requirements. The successful company is the one which judges the market correctly. Being left with a few dozen television games which no one wants is an expensive mistake to make. For companies like Associated Leisure which, via its hiring division, lays claim to being the biggest operator of amusement equipment in the world, and Cherry Leisure, one of Britain's biggest video game specialists, it provides a constant brow-furrowing concern. Since a great many sites have only a few machines, perhaps only one, the maximising of revenue by an operator is more than just seasonal fashion. Companies have to become expert on where to site machines. "It is surprising," says Mr. Nar Solomon, managing director of Associated Leisure. "But a machine can be turned from a failure to success simply by moving it to a different spot. The skill comes in knowing where."

So elaborate have the games become these days that the sounds have to be added electronically. This is obviously the case with the new video systems, but it also true with pin tables and fruit machines. With the mechanics largely removed the machines would be virtually silent unless artificial sound were supplied. In this field the designers have had as much fun as with the basic equipment. Some of the pin tables of to-day give much more solid thumps and noisy bell ringing than did any of their predecessors. By the way, even the traditional pin-table is changing. Although the exterior remains much the same, it being almost impossible to sell a machine anywhere in the world unless it has that quaint, thrifty style American decor (a large slice of the market is now Italian and Japanese), the interior electronics have given the designers more scope. The single player machine is rapidly giving way to two- and four-player equipment. These machines even manage to keep score for each player in sequence so that no one has to bother with writing notes.

prospects for holography, the uses of laser beams to create three-dimensional images. At the moment manufacturers are fairly successful in providing the impression of space and depth with the use of mirrors, but holography promises a considerable advance. At the moment the use of holograms is in its infancy, although there have been several interesting demonstrations. Since public-to-day. The Amusement Trade exhibition will give some indication of what the fashions in techniques must be thought to be likely to be for the coming year.

But all that is a long way off, although cinematic usage may be nearer, one can assume that this is one field in which the amusement business could have to itself for a while. Once again, of course, initial costs are likely to be high.



A DECADE OF PROGRESS

Just finding its feet some ten years ago, a new but exciting industry, is today thriving and pleased that it adopted the United Kingdom as its manufacturing centre, operating base and hub of its ever increasing export trade and overseas operations. Bell-Fruit pioneered the manufacture and introduction of fruit machines into pubs, right across the country. From their original manufacturing plant in Nottingham they supplied the demands of brewery outlets.

In those early days breweries tended to receive the idea of installing a fruit machine on their hallowed premises with not a small degree of apprehension. Indeed the idea, born across the Atlantic was surrounded by an aura of mistrust, a 'not in the best of circles' reputation, a Scylla and Charybdis industry. Fortunately, breweries quick to recognise the economic and entertainment advantages of this innovation, and keen to maximise their revenue, agreed to the installation of a limited number for a trial period.

Success came, but whilst the revenue was right the image was still one that brought a frown. Probably the most important factor in the change of that image, was the 1968 Gaming Act. Legislation that initially was considered to be ill conceived, turned out to be that which granted respectability, endowed the business with acceptability and generally became the watch dog monitoring the activities of multiple mushroom companies.

Following this major piece of legislation, Bell-Fruit were able to take a leading stance and actively support the newly formed Trade Association, now known as BACTA. This organisation has received approval from many countries as a model, as has the Gaming Board itself, and many are emulating their ideals and methods.

The effect also was that the 'one armed bandit' image evaporated rapidly. Bell-Fruit had appointed new management and put its own house in order, rationalised the many companies involved into the structure it is today, becoming the second largest manufacturer of fruit machines in the world and one of the two largest operators of them in Europe.

Today, Bell-Fruit manufactures 25,000 machines per year, employs over 1,300 people, operates over 13,000 machines and in addition provides the same service to the three armed services at home and abroad. The company has seventeen per cent of the world demand for fruit machines and has the immediate aim of increasing this to 25%.

This success has been the direct result of hard work, the right people in management, in the field and on the shop floor, combined with a high level of research and development. Indeed it can be said that Bell-Fruit has converted the

totally imported into the wholly home produced.

This has been possible by the trust enjoyed by Bell-Fruit from their customers in the industry who have supported the Bell-Fruit product by constant purchase, the Breweries, Licensees, Clubs, the Armed Forces and everyone involved at home and abroad in understanding the difficulties involved from the outset and in maintaining trust despite this. Whilst Britain is the base, Bell-Fruit is well represented in operating and export sales in many countries throughout the world. The USA, West Germany, Austria, Switzerland, Eastern Europe and Spain; the company has a sister company operating in Australia, and interest and sales are moving into Japan and surrounding countries. Bell-Fruit has always ensured that the quality of their machines is second to none and this in itself has produced a healthy growth for everyone; we believe that our personnel training programme is influencing the industry as a whole, and providing a workforce ably guided by a sophisticated management team with the determination to see that the next decade produces the same financial success and growth that this fast-moving, fashion-engineering business demands.

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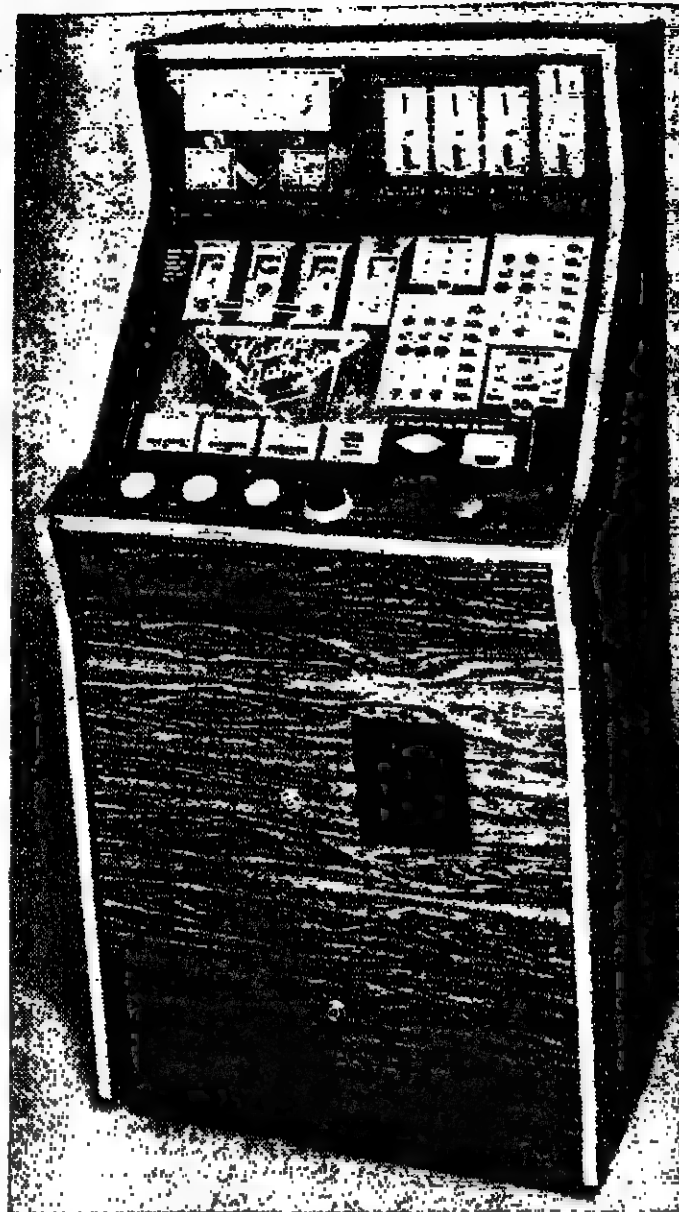
Reliable

The pin table remains as the most reliable bread and butter earner for the business and its consistence appearance says a great deal for its impressive popularity. However, its reliability as an earner is marred somewhat by the fact that even in the most modern equipment the very presence of the balls means a measure of mechanics and therefore a weak link as far as maintenance and susceptibility to vandalism is concerned. Oddly enough, however, vandalism is less of a problem in the business than might be assumed. A quick look at machines will show a surprising amount of glass and apparently destructible apparatus which in fact survives remarkably well.

It is difficult to say where the current swing towards sophistication and innovation is likely to lead, although clearly the industry believes that most of the bruises in to-day's frenetic scene are likely to end up on the faces of the manufacturers rather than distributors and operators.

Perhaps that is why British electronics companies and amusement machine makers have shown little enthusiasm for leaping into the video end of the business, sticking instead to fruit machines and other equipment.

There is the beginnings of interest in the industry in the



The Bell Fruit "Nudge Gambler" machine which incorporates a fourth reel.

A mood of confidence

IF ANYTHING has marked the amusement industry in recent years it is the volatility of the trade. Even a cursory glance at the records of the companies involved show how many of those involved seem to have provoked doubtless by a misjudgment of public tastes, by the machinations of the Gaming Board or by the sheer vagaries of the market.

There is little doubt that at the moment there is a feeling of optimism in the air. The past couple of years have been relatively good ones, at least for the public companies in the business, and no one is in the mood to suggest that 1978 will be anything but better.

Part of the reason for this is, of course, the general mood of economic optimism that is around at the moment. If more people are in their clubs and pubs; if more people go on holiday to the British seaside resorts; and if more Britons are tempted into day trips, then the amusement industry can only benefit. At the same time the manufacturing, distribution and operating industry appears to have settled somewhat from the frenetic days of not so long ago and although competition is still extremely fierce, it may well be that there will also be some reasonable returns.

Lotteries

It is doubtful whether the apparent "competition," from such things as the new wave of local authority lotteries, will have any consequential impact at all. To believe that the lotteries might take away some of the amusement industry's business is to misunderstand the very basis of the industry itself, which is entertainment rather than gambling.

Quite clearly many operators in the industry believe that an increasing share of the market will come to them as the specialists, and that the sales aspect of the trade will lose a little more of its market share. With operators investing so heavily in service equipment and van fleets it is difficult to argue against this view.

At the same time the fashion element of the business may have produced problems, but it has also enabled operators and hirers to trade-up and the average rental from machines is likely to show a marked increase over the next few years. Only consumer resistance to any increase in the machine fees is likely to hinder this upward movement and there is no sign of such an upward movement at the moment.

Of course, there is always the possibility that the Government will do something extraordinary, but in fact such a prospect is highly unlikely. Far too many voluntary organisations, including both Labour and Conservative clubs, rely on the revenue from the machines to stay in business. Removal of machine

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THE AMUSEMENT INDUSTRY III

A question of timing

IF THE Gaming Board and Government really wanted to upset the amusement industry the surest way of doing it would be to change the rules of the game within a few days of the main trade show. Sure enough, that is exactly what seems like happening. At the moment the maximum pay-out on AWP pub fruit machines is 50p, and the bulk of that in tokens. The industry as a whole is not particularly keen on that figure, believing first that tokens should be abandoned and that a £1 total cash jackpot in pubs would not lead to an outbreak of gambling fever.

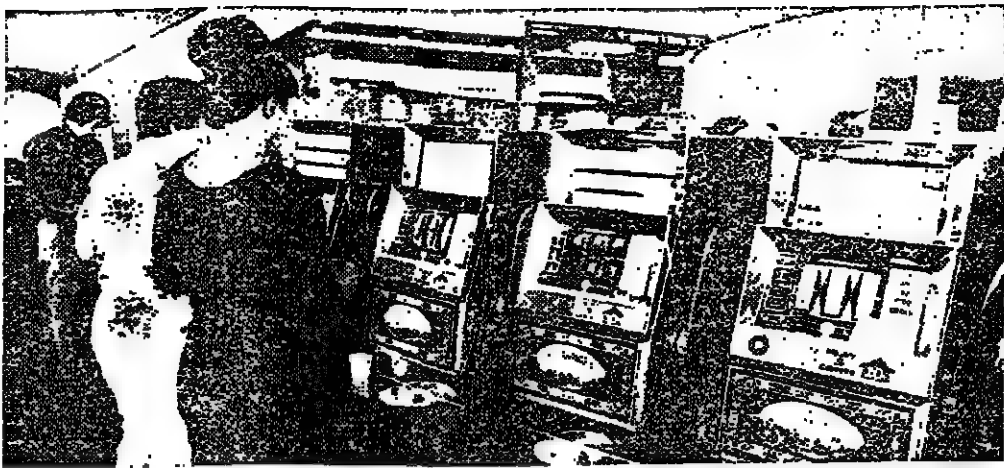
Some months ago the industry was asked to make suggestions about changes in pay-outs, an invitation which suggested that change was imminent. When no such alterations came the general view seemed to be that if there was to be a last-minute tinkering with the rules the best thing would be to leave well alone. Now the worst seems about to happen, with rumours in the trade that there is to be a change in the prize rules.

Combination

To an outsider this may not seem to be of particular consequence. However, such is the sophistication of fruit machines these days that any change in pay-out is likely to produce a noticeable effect on the order of which will, in turn, lead to production hold-ups and possibly labour lay-offs. Fruit machines are no longer simple three-reel devices which pay out when a certain combination is achieved. They are complex games systems which have to be programmed with the care normally associated with computers. New prize levels mean new game sharp patterns and new prize combinations. The changes are that most of the machines on show at the forthcoming show will be designed to deal with circumstances which are out of date, and that buyers will want to see working models tuned to the new prize system.

Dr. C. W. Pilkington, who heads the leisure division of Cope Allman, could scarcely contain his anger at the report: "I am speechless that they could do such a thing."

Dr. Pilkington's fury is understandable. Quite apart from having a substantial operating activity, Cope Allman's Bell Fruit makes around 25,000 fruit machines a year, but major importers and dealers, like



Playing the machines in Las Vegas.

Ruffer and Deith, cannot be amused either.

What is particularly upsetting for the trade is that it has been pressing the Gaming Board to avoid just this sort of circumstance for three years now. Once the trade is asked for its views then word circulates in the trade and no one places orders until the position is clear. Protests have, however, fallen on deaf ears so far and if the trade's fears prove correct the timing of the change on this occasion is likely to be the worst yet.

The industry has high hopes of the Rothschild investigation into gambling that the constant changes in pay-out will be the subject of some sort of pronouncement and subsequent action. Many in the business would very much like to see the end of tokens. The theory behind tokens was that they would turn the machines more into amusement machines than gambling devices. However, the industry reckons they just make things more complicated and add another item to those which the public can attempt to use for other coin-operated devices. Most would argue that modest cash prizes cannot do any harm.

Already the industry has shown itself remarkably successful in keeping the pay-outs on the unlimited club machines down to an acceptable level. In theory these machines can pay out hundreds of pounds if programmed to do so, but at the moment it is a rare one which pays out more than £100. There are commercial and political reasons for this. The political ones are obvious, too many £1,000 pay-out machines might

invite Governmental action; but many is currently the world's largest market (second to the U.K.) in taking probably around 55,000 fruit machines a year. Other markets are on the point of rapid expansion. Brokers de Zoete and Bevan recently said of the world potential: "Growth in demand from the U.S. could be explosive. Formerly Nevada was the only State prepared to license gaming machines, but now New Jersey has liberalised and it seems only a question of time before numerous others follow suit. Potential is appearing in Spain with a relaxation of the gaming laws there; eight casinos are to be licensed. Austria, Switzerland and even countries in Eastern Europe are also promising markets."

Investigation

There are various other things the industry wants to see from Government, and is looking to the Rothschild investigation for support. Notably these include some re-examination of the ways in which gaming licences is levied; the right of appeal against Gaming Board revocation or refusal of a suppliers licence; and the freedom to have more than two fruit machines in club premises. The industry is also particularly concerned that in the wake of devolution there would be three separate Gaming Boards each introducing different rules and making the problems of manufacture, distribution and operation very much more complicated.

One of the chief concerns of the industry is that few people seem to realise its size or economic importance. There are well over 100,000 fruit machines of various types in operation in Britain in clubs and pubs, each one of them worth probably between £300 and £800. At the moment the industry is poised to take advantage of the explosion in demand from overseas. Although Ger-

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In order to exploit these markets the British need a firm domestic base, and it is for this that they are looking to Government. What is proving worrying in particular is that in the possible move from direct to indirect taxation some form of luxury VAT is introduced which bites into the modest take/pay-out structure.

There are some who think that the amusement industry may have some reason for optimism as far as the present investigation of the industry is concerned. Fruit machines have not proved to be the evil which many people suggested would emerge, indeed a great deal of social activity would not have survived without financial assistance from the machines. The industry could well be pleasantly surprised by the findings of Rothschild. Meanwhile, however, it feels itself in need of more immediate sympathy.

A source of support

IN THE wake of the 1968 Act which made gaming machines a possibility for many clubs and pubs throughout the country there were cries of horror from many a committee room. "Over my dead body!" And yet hundreds of operations up and down the country have found machines, not only gaming but also amusement and even juke boxes, to be a life-line providing not only entertainment but also cash. It is now a rare place of public drinking which does not boast at least some form of electronic device. There are even some country pubs which take more from their machines than they do over the bar.

Yet the take/pay-out ratio is normally controlled very strictly. Most operators find that if the pay-out rate falls below 70 per cent. of the receipt customers soon sense that they are being cheated—afficionados call them "mean machines"—and in many cases the pay out creeps towards 80 per cent.

The cash cost of a modern AWP machine is something in the order of £500, but very few of them are bought. The volatility of the trade encourages site owners to rent them, and thus in particular free themselves from the problems of servicing. Rates vary enormously according to the machine and the site potential. It is possible, in a poor location, to rent a machine for less than £10 a week, but current equipment in a good site is likely to cost nearer twice that amount.

There has been a tendency for clubs to buy their machines—they have substantially larger payouts, cost somewhat more, but are usually rapidly self-liquidating. However, increasingly there is a trend too for clubs to shirk away from the investment involved and to take a cautious view of changing fashion. The result is a swing to long term leasing with contracts running for years rather than weeks.

Rental is also the trend in the amusement-only machines, such as the video games. In this case the country site owners (that is, single sites rather than the more sophisticated arcade operators) have become thoroughly alarmed by the servicing problems and the fashion element of the business. As a result all the major companies place a great deal of stress on their servicing facilities. To read some of the promotional material one could get the impression that the ability to be instantly on site to correct some fault was rather more important than being able to offer the most innovative equipment.

Tables

The outstanding example of how the trade has become worried about this involves pool tables. Given that this seems to be a development which has an air of permanence about it many pubs and clubs plunged into full-scale purchase of equipment. Now, however, the problems of lost balls, stolen cues, ripped table tops and other incidents is provoking a rush to rental.

One-off, or small group, operation of amusement machinery presents its own particular problems. If you have ever wondered why amusement machines seem to have an oddly familiar shape and colour, regardless of manufacturer, it is all thanks to the particular tastes and needs of the trades. Taste apparently demands that most of them are made in that dark, almost greyish wood which, I am told, merges into most backgrounds without causing offence. The shape is due to the need for most machines not to have any surfaces upon which to stand a glass or cup. Although I was shown the deep gutter running round the inside of a German juke box, ready in case the beer flowed a little too freely, most manufacturers go out of their way to ensure that the insides of the machine do not get an unscheduled shower.

At the other end of the scale the Cherry group offers a range of video games built into tables so that couples doubtless bored at looking into each others eyes can push their cocktails aside and play video tennis instead.

There is one area of the amusement industry where money is not necessarily the overriding reason for the installation. Juke boxes require a particularly refined type of specialisation and one which seems to be concentrating increasingly into a few hands as far as operation is concerned. Once again there is substantial design change underway, with the Americans apparently lagging behind in the face of German and French competition which has adapted to new technology much more quickly. However, the problems do not lie in the technology. They arise out of the fact that records are expensive and that juke boxes normally demand more servicing than other forms of amusement equipment.

The great asset of juke boxes is that the audience is not only choosing the form of musical entertainment it wants, but also paying for it. Companies such as Management Agency and Music have become highly sophisticated at the business, which requires a high degree of sensibility about public taste as well as normal managerial ability. Juke box records are often chosen weeks before they go into the charts and it is the company which manages to anticipate consumer taste best that makes the greatest profit. Usually there is little point in waiting until a record is in the Top Ten before ordering the 10,000 or more copies that you need — by the time you have installed them in your machines the call for that particular tune will have disappeared. The result is, of course, that a decision by juke box operators and with the whole scene one of significant effect on the finan-

cial success of a particular disc, even though juke box sales do not enter into the assessment of the record market for Top Ten purposes.

For the individual operator the great decisions come over which machines to install, and where on a particular property to site them. The difference in performance from what might seem to be relatively small changes in machine type or location can be striking.

Usually machine movement has to be frequent and well thought out. Most of the bigger distributing operators appear to reckon on a two year basic life for an AWP machine, with a move on average every six months for that machine. In that way pub customers get their interest revived by an occasional change of view.

Arcade operators tend to know their businesses well and are fully capable of making up their own rules. Usually it means putting a low cost, highly popular, machine somewhere near the entrance to ensure that the passing trade sees that you have a busy facility.

Arcades

Management of arcades is much less complex than might at first appear, partly due to the very sophistication of modern machinery. Stock loss, and in the amusement business that means cash, is relatively light compared with other retail activities. The machines themselves normally have meters on them which record the number of plays, and thus the amount of money which should be in them, and most machines are also fitted with separate cash boxes to which the arcade management itself has no key. This is not to suggest that amusement centre operation is an easy business. Nowadays, however, it is relatively rare these days that a juke box operator and with the whole scene one of significant effect on the finan-

	12 months to Dec. '76	6 months to Jun. '77
Turnover £'000	500	1,500
Staff at period end	30	60
Vehicles at period end	20	50
Districts	5	11
Increase in equipment	400% (to Jan. '76)	250% (to Dec. '76)
Increase in takings	7x (to Jan. '76)	2x (to Dec. '76)



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the 1990s, the number of people in the world who are blind has increased by 100 million. The number of people who are blind in the United States is estimated to be 10 million. The number of people who are blind in the United States is estimated to be 10 million. The number of people who are blind in the United States is estimated to be 10 million.

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101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58

BRITISH FUNDS

Shorts (Lives up to Five Years)

High	Low	Stock	Price	Div.	Yield	Vol.
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58

CANADIANS

High	Low	Stock	Price	Div.	Yield	Vol.
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58

BANKS AND HIRE PURCHASE

High	Low	Stock	Price	Div.	Yield	Vol.
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58

INTERNATIONAL BANK

High	Low	Stock	Price	Div.	Yield	Vol.
101.75	101.50	Am. Express	101.75	1.00	3.96	58

CORPORATION LOANS

High	Low	Stock	Price	Div.	Yield	Vol.
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58

COMMONWEALTH & AFRICAN LOANS

High	Low	Stock	Price	Div.	Yield	Vol.
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58

LOANS

High	Low	Stock	Price	Div.	Yield	Vol.
101.75	101.50	Am. Express	101.75	1.00	3.96	58

Public Board and Ind.

High	Low	Stock	Price	Div.	Yield	Vol.
101.75	101.50	Am. Express	101.75	1.00	3.96	58

FOREIGN BONDS & RAILS

High	Low	Stock	Price	Div.	Yield	Vol.
101.75	101.50	Am. Express	101.75	1.00	3.96	58

AMERICANS

High	Low	Stock	Price	Div.	Yield	Vol.
101.75	101.50	Am. Express	101.75	1.00	3.96	58

BUILDING INDUSTRY, TIMBER AND ROADS

High	Low	Stock	Price	Div.	Yield	Vol.
101.75	101.50	Am. Express	101.75	1.00	3.96	58

BUILDING INDUSTRY—Cont.

High	Low	Stock	Price	Div.	Yield	Vol.
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58

DRAPERY AND STORES—Cont.

High	Low	Stock	Price	Div.	Yield	Vol.
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58

ENGINEERING—Continued

High	Low	Stock	Price	Div.	Yield	Vol.
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58

INDUSTRIALS

(Miscel.)

High	Low	Stock	Price	Div.	Yield	Vol.
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58

ELECTRICAL AND RADIO

High	Low	Stock	Price	Div.	Yield	Vol.
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58

CHEMICALS, PLASTICS

High	Low	Stock	Price	Div.	Yield	Vol.
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58
101.75	101.50	Am. Express	101.75	1.00	3.96	58

ENGINEERING MACHINE TOOLS

High	Low	Stock	Price	Div.	Yield	Vol.
101.75	101.50	Am. Express	101.75	1.00	3.96	58

FOOD, GROCERIES, ETC.

High	Low	Stock	Price	Div.	Yield	Vol.
101.75	101.50	Am. Express	101.75	1.00	3.96	58

CINEMAS, THEATRES AND TV

47 1/2	Anglia TV "A" ..	108	-1	105.55	3.4	6.5
49 1/2	Ass. Tele. "A" ..	106	-1	106.55	3.3	9.6
69 1/2	Granpian "A" 10p	35	-----	12.0	2.3	8.7
18	Green Group 10p	55	-----	Q4.23	2.5	7.1
24 1/2	H'rd W'd 20p ..	21	-----	-----	-----	-----
106 1/2	HTV N/V ..	113	-1	56.6	2.1	8.8
80	LWTA ..	109	-1	6.19	2.5	9.0
24 1/2	Redit TV Prod. £1	73	-----	6.04	19.6	12.5
23 1/2	Scotl. TV "A" 10p	59	+1	12.14	5.5	5.5
31	Trid'l TV "A" 10p	54	-1	2.83	6	8.2
12 1/2	Ulster TV "A" ..	54	-3	9.93	6	11.0
15	Westend TV 10p	25 1/2	-----	1.65	1.7	10.3

[illegible][illegible]

A selection of Options traded is given on the
London Stock Exchange Report page

THE LEX COLUMN

Gestetner offsets
sterling's gain

In 1976, Gestetner closed its books for the year only a week after sterling touched its all time low, so the stock market has been understandably nervous about this year's output given the fact that over 80 per cent of the group's net turnover is overseas and the pound has appreciated by 11 per cent against the dollar in the interim.

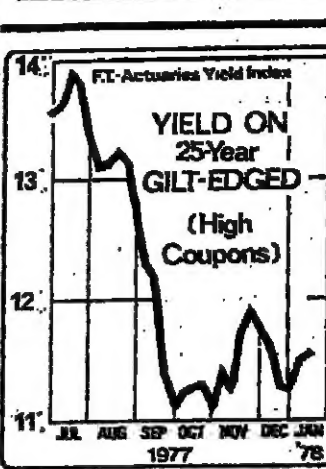
However, the group seems to have withstood the fluctuations on the exchange front remarkably well. Pre-tax profits for the year are 9 per cent higher at £23.3m. The previous year's profits were inflated by £3.5m, because of exchange rate movements while this year's profits were deflated by £3.9m.

Stripping out the exchange effect, 1977 profits rose by 33 per cent. The "A" shares closed 7p higher at 165p after the news, where they yield 3.7 per cent.

Too much should not be read into Gestetner's performance. The group is better placed than many U.K. companies with overseas earnings. Its reliance on direct U.K. exports is limited (£45m against total sales of £223m), and it seems to be maintaining its overseas margins. At the same time it has managed to push U.K. profits up by 25 per cent.

In North and South America, where profits rose by 24 per cent, Gestetner was to some extent recovering lost ground and the only area where there was a noticeable setback was in the EEC countries—profits fell by around a quarter—and here, at least margins did seem to be under pressure. In the current year, Gestetner seems to be heading for profits of around £30m, but much will depend on further movements in the sterling exchange rate between now and next November.

Index fell 3.3 to 470.9



It gives no clue as to how this efficiency is assessed. The commission gives, nevertheless, a few management hints and tips to Fisons. It notes disapprovingly that management meetings are insufficiently minuted, which makes it more difficult for the commission to piece together Fison's thoughts.

The Commission is attempting to restrain Fisons' price rises to the consumer because it feels that the home gardener is brand-loyal, insensitive to price and thus, it implies, in need of the commission's protection. Curiously, the commission also challenges Fisons' use of just this price-insensitivity as an excuse for not going all-out for increase in volume sales of a lawn product while the price of the product was Government-restricted. Is the consumer price sensitive or isn't he? The answer could be that the Price Commission is consumer-sensitive. Or maybe it is leading Fisons up the garden path.

TV contractors

Trident Television, holder of the Tyne Tees and Yorkshire franchises, is the latest TV contractor to reveal how much it has gained from one of the most buoyant years in television advertising for some time. Overall profits are up over 50 per cent at £27.5m, while the contribution from TV contracting alone has increased by almost the same percentage to £5.5m. This comes during a period in which net advertising revenue earned by the industry increased by about 30 per cent.

Of the major contractors the biggest increase in profits seems to have come from ATV, where profits from TV contracting

roughly doubled to over £1m in the period to March. At Thames overall profits rose 41 per cent at £7.9m, the year to June; ITV's advertising profits were up 30 per cent to £1.9m for the year. July and August showed an increase of 25 per cent to £4m for the period.

All the indications so far that the advertising boom continues during the year, and contracting should also benefit from increases in charge. A Trident has already increased its rates by a further 15 per cent, from October and seek another increase in the period.

Comet/Wigfall

On January 8 Henry Wigfall came out with some interim figures—a pre-tax profit of £353,000, though a profit indicated for the full year. It seems that Comet Radiolov sensed an opportunity. The sequence was yesterday's £2.50 cash and two-fifths of a share for each Wigfall Ordinary in a bid worth 241p a share. Odd though, the offer comes more than a month after it sold out its 25 per cent stake for a paltry 138p a share, large number of clients brokers Rowe Rudd. Ex who owns those shares is now be important (Comet has a 1.8 per cent stake although the directors strongly placed with just 35 per cent, under their control). The Wigfall directors, less to say, are resisting Comet's attempt to put them in a rack ahead of a likely increase in consumer spending. A major plank of defence is plainly going to the value of the TV rental contracts, in the books at a figure of £8.7m. Last April, Wigfall claimed by the Wig camp last night to be worth more like £25m. How a company worth so much could have a poor profits record is, however, a discrepancy the Board will have to explain.

Israel and Egypt
put out feelers

BY ROGER MATTHEWS

JERUSALEM, Jan. 17.

ISRAEL AND Egypt to-night began informal contacts aimed at bridging the substantial differences which divide them on progress towards Middle East peace.

After the opening session of the joint political committee, at which the Foreign Ministers delivered set speeches along predictable lines, the two delegations exchanged documents spelling out their proposals.

Mr. Cyrus Vance, U.S. Secretary of State is waiting to see if there are signs of movement from either side before putting forward his proposals.

Both sides are waiting to see if and where the U.S. starts to exercise some pressure.

Mr. Vance flies to Cairo for talks with President Sadat on Friday and to deliver a message from President Carter. He then plans to visit Turkey and Greece and could return to Jerusalem if he thought he could help.

Mr. Vance said to-day: "The solution must recognise the legitimate rights of the Palestinian people and enable the Palestinians to participate in the determination of their own future."

The basis of the U.S. plan, of which Mr. Vance says, Israel's Foreign Minister today said he knew, is understood to be for a lengthy period of limited self-rule for the West Bank and Gaza, as proposed by the Israelis, to be followed by a form of self-determination which would involve the area's being federated with Jordan.

Despite an apparent willingness by Israel and Egypt last night to avoid mutual recriminations, there was nothing restrained about the opening speeches. Mr. Mohammed Ibrahim Kamel, Egypt's Foreign Minister, again insisted that Israel had to withdraw totally from all occupied Arab territory.

Saudi Arabia is reported to have offered to provide the U.S. with all the oil it needs in return for a satisfactory solution to the Palestinian problem. The Saudis were also said to have offered to buy the West Bank and the Gaza strip from Israel, in an message transmitted through President Carter. Page 2.

Mr. Dayan countered that although his country deeply desired peace, it was difficult to accept assurances from Egypt about the attitude of a future Palestinian state, run by the Palestine Liberation Organisation.

Michael Tingay reports from Cairo: President Sadat of Egypt is giving himself three days to decide whether to accept peace negotiations with Israel should go on or whether he should recall his delegation.

But a sudden breakdown in the political committee's Jerusalem talks is not expected here, would involve the area's being federated with Jordan.

ter, will arrive here on Thursday to resume the work of the complementary Egyptian-Israeli committee, which was adjourned last week after differences over the Jewish settlements in Sinai.

Having accepted the U.S. compromise on the agenda at Jerusalem—this omits the key phrase "self-determination for the Palestinians"—the Egyptian leader has gone into self-imposed seclusion to decide whether the rewards for pushing on with less than his cherished "declaration of principles" outweigh the hostile consequences in the Arab world.

Palestinian self-determination is an almost sacred catchphrase in the Arab vocabulary, while the declaration of principles, which Mr. Sadat hoped to squeeze from the Israeli Prime Minister at the Ismailia summit, was to have been the political umbrella under which separate negotiations could in effect be pursued, leaving other Arab parties to join in when ready.

The difficulty of the Egyptian leader's choice is amplified by clear signals from the Arab world that even hardliners would welcome him back into Arab ranks if he were to declare the negotiations hopeless.

Conciliatory remarks by Mr. Salah Khalaf, who ranks second to Yasser Arafat in the PLO, have not gone unnoticed here, after three days of bitter editorialising in Egypt's Government-owned newspapers against Israeli intransigence.

Beer chief goes
in Allied row

BY KENNETH GOODING

A BOARDROOM dispute at Allied Breweries, Britain's biggest drinks business, has led to the departure of Dr. Bernard Kilkenny, chairman of the group's beer division.

The news indicates that Allied is about to embark on a much more aggressive approach to the beer market. Its brands include Double Diamond, Skol, Long Life and the Ind Coope and Tetley beers.

Dr. Kilkenny, 50, was probably the highest-paid director of Allied apart from Mr. Keith Showering, chairman, earning more than £22,500 a year. He will be receiving some compensation for loss of office as his contract had between three and four years to run.

Long considered one of the brightest of the Allied directors "one of his colleagues said recently: "Some other groups would give their eye teeth for that man"—Dr. Kilkenny was one of the six-strong executive committee known as Allied's inner cabinet.

Differences

His status is reflected in the fact that he was the director with the greatest number of shares in the executive share option scheme and had options on 34,172 shares compared with an average of 20,000 for the other directors.

But the other directors became more and more convinced that Dr. Kilkenny was taking the beer division along a wrong route, and were disappointed at recent results.

There was "a difference of management philosophy and sometimes such disagreements cannot be resolved by debate," said one of his former colleagues last night.

Significantly, Dr. Kilkenny, who was seen by many observers as the technical side of



Dr. Bernard Kilkenny

the business, is to be replaced by a marketing-oriented team. Mr. Derek Holden-Brown, deputy chairman of the group, becomes chairman of the beer division, known as Allied Breweries (U.K.). The new chief executive is Mr. Douglas Strachan, who joined Allied from Guinness some years ago and made his reputation inside the group by reviving the fortunes of its British soft drinks and fruit juices offshoot.

The beer division also gets a new finance director, Mr. Harold Smith, who came to Allied a few months ago from the British Aircraft Corporation.

One of Dr. Kilkenny's last public appearances on behalf of Allied was at the Price Commission, which subsequently decided to investigate the group's proposed price increases. But it was stressed last night that this had nothing to do with his departure.

Ross-Charrington rises. Page 6

EEC approves proposals
for new trade talks

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, Jan. 17.

COMMON MARKET Governments to-day approved a series of proposals for the GATT multilateral trade negotiations and indicated that industrial tariff cuts could not exceed 35 per cent.

That was devised at a meeting of EEC Foreign Ministers to satisfy objections by the French Government.

France has expressed reservations about the 40 per cent average tariff cut envisaged in a formula which the EEC and the U.S. have provisionally agreed to use as a working hypothesis. Instead of setting a firm objective, the Ministers agreed that the final tariff cuts should be decided towards the end of the negotiations.

They should depend on the extent of concessions which the EEC obtained from its trading partners in other areas such as safeguards and non-tariff barriers to trade.

Mr. Wilhelm Haferkamp, the External Affairs Commissioner, said that the package was consistent with the understanding

reached with the U.S. and Japan earlier in the negotiations. It is hoped that those negotiations can be completed by late July.

Mr. Edmund Dell, Secretary of State for Trade, whose Government has been none too enthusiastic about deep industrial tariff cuts, said that the omission of the 40 per cent figure represented a shift of presentation, and did not undermine the working hypothesis.

Inevitable

Mr. Dell said that because the EEC agreed that products exempted from tariff reductions should not be compensated for by deeper cuts on other items, it was inevitable that the overall average cut would fall below 40 per cent.

Britain was satisfied with the package, which will form the negotiating mandate for the European Commission in Geneva, because it recognised all the main demands made by the U.K., he said.

They included:—

• A proposal to amend the

GATT procedure of safeguards, to permit Governments to impose trade restrictions against disruptive imports selectively, instead of having to act against all trading partners indiscriminately.

• A proposal for a "break clause" after five years of implementing the tariff cuts. GATT members would then decide whether world economic conditions warranted putting into effect the remaining tariff cuts over the final three years envisaged in the negotiations.

• Agreement on the principle of "parallelism," which means that no GATT member need commit itself to an agreement in one area of the negotiations until it is satisfied by the progress made on other issues.

The EEC package also seeks a change in the U.S. rules on countervailing duties. That would require material evidence to be shown before the U.S. could impose countervailing duties on imports, which had benefited from a bounty or grant by the government of the exporting country.

Incentives strike
shuts colliery

BY ALAN PIKE

A PROTEST strike by eight men over incentive-linked coal production at Park Hill colliery, Yorkshire, yesterday, less than 24 hours after miners in the area had voted in favour of productivity schemes.

Although the strike at Park Hill, near Wakefield, has been called for only 48 hours there were fears last night that the dispute could spread to other Yorkshire pits, and men at Ledsen Luck Colliery, near Castleford, later decided to strike to-day.

The strikers—engine-winding men responsible for lowering and raising men and coal up and down the pit shafts—are objecting to the level of incentive payment which they will receive. Like other surface workers, they are to have a 40 per cent bonus, compared with 100 per cent, for development and face workers and 50 per cent for other underground men.

However, in spite of initial problems of introducing incentive schemes, there are already signs of improving output in the coal industry, where productivity has been declining steadily in recent years.

The National Coal Board said yesterday that provisional production last week was 2,334m. tons—108,000 tons better than in the same week last year—with output per man-shift last week the highest since last May.

Four Midlands areas which were the first to start incentive schemes improved on last year's

productivity by 7.4 per cent, the Board said.

Ray Ferman writes: Militant leaders of the Scottish miners suffered a second defeat on incentive schemes yesterday when pit delegates voted to accept the Board's insistence that such schemes must be on a pit-by-pit basis for face workers.

Last month, a conference of the National Union of Mineworkers Scottish area reversed an earlier decision and accepted that some form of productivity arrangement was inevitable.

However, it voted for an area scheme which would have calculated incentive on production for the whole of Scotland.

Yesterday, a delegate conference in Edinburgh agreed to open negotiations on a pit-by-pit scheme for faceworkers. Mr. Mick McGahey, Scottish miners' president, said the Board had refused to make an offer on any scheme except one based on its own proposals.

South Wales miners will be urged instead by their leaders to vote against pit schemes, in a ballot later this month. The South Wales area executive decided yesterday to recommend rejection of individual schemes.

The Board made it clear in talks with the South Wales miners' leaders on Monday that any incentive scheme must be pit-based, in common with the rest of the country.

Ministers consider economic
boost for industrial strategy

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

MINISTERS are to consider during the coming two weeks on the use of North Sea oil what form of economic policy statement, including a possible projected growth rate, can be announced next month to give new impetus to the industrial strategy.

One possible answer is that the 31 per cent growth in the gross domestic product, mentioned in last week's public expenditure White Paper, is given wider publicity as a firm political target instead of merely being an economic assessment.

Alternatively, with the debate about the use of North Sea oil, the Government could delay a decision on such a figure for a month or two and issue a statement calling for increased industrial investment and pledging that it will do what it can to provide a stable industrial climate.

But if decisions are delayed for long, Ministers might find a reduction in the enthusiasm of the other parties to the industrial strategy—represented

through the Confederation of British Industry and TUC.

The CBI wants assurances which will encourage industrialists to invest, and the TUC wants assurances that faster economic growth, together perhaps with an expansion of the public sector, will provide jobs to compensate for those lost through increased industrial efficiency.

At the same time, however, Ministers do not want to attract criticism by plunging for an unrealistic forecast. They remember the loss of political face the Labour Government suffered in 1964 through its abortive national plan.

Equally, some industrialists involved in industrial strategy work would prefer to feed their own growth forecasts into an overall Government plan rather than feel they had to fit in with a national target.

The issue will first come to a head on February 1 when the National Economic Development Council considers reports reviewing the first two years' progress of the Government's industrial strategy and a Government policy paper from Mr. Denis Healey, Chancellor of the Exchequer, and Mr. Eric Varley, Industry Secretary.

These reports have been discussed recently by the Government's industrial strategy steering group, which consists of representatives of the CBI and TUC under the chairmanship of Mr. Lawrence Airey, a second permanent secretary at the Treasury.

The group's members now feel that the Government must provide some overall policy projections if the industrial strategy work carried out in the past two years by nearly 40 sector working parties is not to run out of steam.

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U.S. rejects Somalia

involved in the war over the Ogaden.

Over the past seven weeks there has been an increase in the scale of Soviet arms deliveries to Ethiopia which is fighting wars in Eritrea and the Somali-populated Ogaden region. Shiploads of equipment have been supplemented by an airlift in which U.S. intelligence sources believe about 225 aircraft have been involved.

There are now thought to be 1,000 Soviet military advisers in Ethiopia and as many as 2,000 Cuban advisers, the majority of them military.

Their role is to train new divisions, familiarise Ethiopian armed forces in the use of new equipment and advise on tactics. There have been unconfirmed reports of the advisers actually

taking part in the fighting, on land and in the air.

The U.S. has made clear to Moscow its concern about the scale of the Soviet build-up in the Horn of Africa, which it believes threatens the vital Western trade route through the Red Sea, as well as being uncomfortably close to Saudi Arabia, the world's biggest oil exporter.

Despite pressure from Iran and Saudi Arabia, which have said they will help Somalia if it is invaded to supply arms to the Somalis, the U.S. has been unwilling to act. It considers that the Ogaden conflict threatens the principle by which African borders inherited at independence should be unchanged.

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Order to Villiers

Any request from Sir Charles or Mr. Varley for commercial confidentiality would be met. If necessary, the committee would examine financial statements in private.

Some MPs last night regarded the committee's move as an attempt to reach a compromise in the affair. They expect the committee now to be provided with further information and the

pressures on the Government for a special debate to be lifted.

In the Commons yesterday Mr. James Callaghan defended Mr. Varley's conduct in his dealings with the committee.

Rounding on Tory critics, the Prime Minister declared: "I would like to ask some of you what you are striving to do with the steel industry. Do you want to destroy it?"

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